



Fu Shou Yuan International Group Limited

福壽園國際集團有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1448)

Executive Directors:

Mr. Bai Xiaojiang (*Chairman*)
Mr. Ho Man

Non-executive Directors:

Mr. Tan Leon Li-an (*Vice-Chairman*)
Mr. Lu Hesheng
Mr. Huang James Chih-Cheng

Independent non-executive Directors:

Ms. Liang Yanjun
Mr. Shi Xiaobei
Mr. Chen Gui
Mr. Ng Michael Chiu Ho
Mr. Zhao Guangbin
Mr. Zhou Quan
Ms. Qian Qian

Registered office:

Ocorian Trust (Cayman) Limited
Windward 3, Regatta Office Park
P.O. Box 1350
Grand Cayman KY1-1108
Cayman Islands

Headquarters:

No. 500, Lane 7270
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Shanghai
China 201799

Principal place of business in Hong Kong:

Unit 709, 7/F
K. Wah Centre
191 Java Road
North Point
Hong Kong

To the Qualifying Shareholders

Dear Sir or Madam,

**UNCONDITIONAL VOLUNTARY CASH PARTIAL OFFER BY
AFG SECURITIES LIMITED FOR AND ON BEHALF OF GONG
HAILIN TO ACQUIRE UP TO 115,000,000 SHARES IN FU SHOU
YUAN INTERNATIONAL GROUP LIMITED**

INTRODUCTION

Reference is made to the Offer Announcement dated September 1, 2026, pursuant to which the Offeror announced that AFG Securities would for and on behalf of the Offeror make the Partial Offer to acquire up to 115,000,000 Offer Shares (representing approximately 4.96% of the Company's issued share capital as at the date of the Offer Announcement) not already owned by the Offeror and parties acting in concert with her at the Offer Price of HK\$0.1 per Offer Share.

On September 3, 2026, the Company published the announcement pursuant to Rule 3.8 of the Takeovers Code in relation to the Partial Offer.

The Offer Document accompanied with the Form of Acceptance were despatched on September 18, 2026. In accordance with Rule 2.1 of the Takeovers Code, the Company is required to establish an independent board committee of the Board to advise the Qualifying Shareholders in respect of the Partial Offer. The Independent Board Committee, comprising Mr. Tan Leon Li-an, Mr. Lu Hesheng, Mr. Huang James Chih-Cheng, Ms. Liang Yanjun, Mr. Shi Xiaobei, Mr. Chen Gui, Mr. Ng Michael Chiu Ho, Mr. Zhao Guangbin, Mr. Zhou Quan and Ms. Qian Qian, being all the non-executive Directors and independent non-executive Directors who have no direct or indirect interest in the Partial Offer, has been formed to advise the Qualifying Shareholders in respect of the Partial Offer.

Octal Capital Limited has been appointed by the Company with the approval of the Independent Board Committee as the Independent Financial Adviser to advise the Independent Board Committee in respect of the Partial Offer. The letter of advice from the Independent Financial Adviser to the Independent Board Committee is set out on pages 20 to 46 of this Response Document.

The purpose of this Response Document is to provide you with, among other things, information relating to the Group and the Partial Offer, the recommendations of the Board and the Independent Board Committee to the Qualifying Shareholders in respect of the Partial Offer, and the advice from the Independent Financial Adviser to the Independent Board Committee on the Partial Offer.

You are advised to read this Response Document, the recommendation of the Board, the recommendation of the Independent Board Committee and the advice from the Independent Financial Adviser carefully before taking any action in respect of the Partial Offer.

THE PARTIAL OFFER

The terms of the Partial Offer are set out in the Offer Document and the Form of Acceptance. You are recommended to refer to the Offer Document and the Form of Acceptance for further details.

The Partial Offer is being made by AFG Securities, for and on behalf of the Offeror, on the basis set out below:

For each Offer Share HK\$0.1 in cash

Acceptance of the Partial Offer by any Qualifying Shareholder will constitute a warranty by such Shareholder to the Offeror that the Shares sold by it to the Offeror under the Partial Offer are fully paid, free from all liens, charges, encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights and benefits at any time accruing and attaching thereto, including all rights to any dividend or other distributions the record date of which falls on or after the Closing Date.

As at the Latest Practicable Date, the Company had 2,319,863,422 Shares in issue.

The Partial Offer is extended to all Qualifying Shareholders in accordance with the requirements of the Takeovers Code.

Further details of the Partial Offer including, among others, the expected timetable and the terms, procedures of acceptance of the Partial Offer, are set out in the Offer Document and the Form of Acceptance, and further announcements made or to be made by the Offeror (if applicable).

According to the Offer Announcement, the making of the Partial Offer is subject to the obtaining of consent from the Executive in respect of the Partial Offer pursuant to Rule 28.1 of the Takeovers Code. According to the announcement made by the Offeror on September 14, 2026, the consent from the Executive in respect of the Partial Offer has been obtained and the Pre-Conditions have been fulfilled on September 14, 2026.

Pre-Conditions to the Partial Offer and its satisfaction

As disclosed in the Offer Announcement, the making of the Partial Offer was subject to the following Pre-Conditions:

- (i) the obtaining of the consent from the Executive in respect of the Partial Offer pursuant to Rule 28.1 of the Takeovers Code;
- (ii) the granting of the waiver from the Executive from the note to the definition of “Offer” under the Takeovers Code in connection with making the Partial Offer at a proposed Offer Price substantially below the market price of the Shares (i.e. at a discount of more than 50% to the closing price of the Shares on the Last Trading Day and the five-day average closing price before such day); and
- (iii) the granting of the waiver from the Executive from the requirement under Rule 28.7 of the Takeovers Code in connection with the making of the Partial Offer for a specified range (rather than a precise number) of Shares.

As disclosed in the announcement of the Offeror dated September 14, 2026 in relation to the update on the Partial Offer, the Offeror announced that the Pre-Conditions had been satisfied on September 14, 2026.

Unconditional Partial Offer

The Partial Offer is not subject to any conditions. For the avoidance of doubt, the Partial Offer, once made, is not conditional on the level of acceptances. Pursuant to Rule 15.1 of the Takeovers Code, where the board circular is posted after the date of the Offer Document, the Partial Offer must be initially open for acceptance for at least 28 days after the date of the Offer Document. Should there be any revision, extension, lapse or withdrawal of the Partial Offer, an announcement will be made in accordance with the Takeovers Code and the Listing Rules.

As at the Latest Practicable Date, the Company did not have outstanding dividends which had been declared but not yet paid. For the period up to and including the close of the Partial Offer, the Company does not intend to declare, make or pay any further dividend or other distribution in respect of the Shares. This statement relates only to such period and should not be construed as an indication of the Company's dividend arrangements following the close of the Partial Offer.

INFORMATION ON THE OFFEROR

Please refer to the Offer Document for the information on the Offeror.

INTENTION OF THE OFFEROR REGARDING THE GROUP

According to the information disclosed in the Offer Document, the Offeror is a professional investor with over 10 years' experience in the financial industry. The Offeror is seeking to diversify her investment portfolio and increase her aggregate shareholding in the Company as she recognises the investment value of the Company. The Offeror and parties acting in concert with her did not hold any other Shares as at the date of the Offer Document.

INTENTION OF THE OFFEROR AND THE BOARD REGARDING THE GROUP

According to the Offer Document, the Offeror intends to only establish a passive equity position in the Company by way of the Partial Offer, with no plans or intentions (i) to become a substantial Shareholder (as the term is defined in the Listing Rules); (ii) to seek to control or consolidate control (as the term is defined in the Takeovers Code) of the Company; or (iii) to influence or be involved in the operations or business of the Company (including, without limitation, from the perspectives of how it is to be continued, major changes (if any) which may be introduced, or employment of employees of the Company and of any of its subsidiaries) other than through the exercise of rights attached to Shares. The Offeror has determined that the Partial Offer of up to 4.96% of the entire issued share capital of the Company represents a reasonable pathway to passively invest in the Company.

The Partial Offer is uninvited and as at the Latest Practicable Date, the Offeror and the Board have not had any discussion on the long-term strategic and development plan on the Group and its employees. Further, as no concrete or detailed plan was provided by the

Offeror in the Offer Document for the business of the Group and its employees, the Board is unable to form any view on the Offeror's intentions in respect of the Group and its employees.

COMPULSORY ACQUISITION AND MAINTAINING THE LISTING STATUS OF THE COMPANY

With reference to the Offer Document, the Offeror will not have the power of compulsory acquisition of any Offer Shares outstanding and not acquired under the Partial Offer after the close of the Partial Offer.

INFORMATION ON THE GROUP

The Company is an investment holding company and the Group is primarily engaged in burial services, funeral services and other services in major cities across 19 provinces, municipalities and autonomous regions in the PRC.

The financial information of the Group is set out in Appendix I to this Response Document.

References are made to (a) the announcements of the Company dated March 19, 2026 and March 20, 2026 in relation to, among other things, the postponement of the Board meeting, the establishment of a special investigation committee, the possible delay in publication of the 2025 Annual Results and the 2025 Annual Report, the Questionable Transactions and the suspension of trading; (b) the announcements of the Company dated March 31, 2026 and April 27, 2026 in relation to, among other things, the delay in publication of the 2025 Annual Results and the 2025 Annual Report, the progress of the investigation and the continued suspension of trading; (c) the announcement of the Company dated June 18, 2026 in relation to, among other things, the Resumption Guidance and the update on the resumption progress; (d) the announcement of the Company dated July 10, 2026 in relation to, among others, the appointment of the independent investigator and the Internal Control Consultant; (e) the announcement of the Company dated August 14, 2026 in relation to, among other things, the delay in publication of the 2026 Interim Results and the continued suspension of trading; (f) the announcement and its supplemental announcement of the Company Dated August 31, 2026 and September 25, 2026 in relation to the removal of an executive Director; and (g) the announcement of the Company dated September 16, 2026 for quarterly update on progress of resumption.

Trading in the Shares on the Stock Exchange has been suspended with effect from 9:00 a.m. on Friday, March 20, 2026 and will remain suspended until further notice. The suspension was initially triggered pending the release of an inside information announcement in relation to the Questionable Transactions and has continued due to, among other things, the delay in publication of the annual results for the year ended December 31, 2025.

As disclosed in the announcement of the Company dated June 18, 2026, the Company received a letter from the Stock Exchange dated June 16, 2026 setting out the resumption guidance for the resumption of trading in the Shares. Pursuant to the Resumption Guidance, the Company shall:

- (a) conduct an appropriate independent forensic investigation into the Questionable Transactions, assess their impact on the Company's business operations and financial position, announce the findings of the investigation and take appropriate remedial actions;
- (b) publish all outstanding financial results required under the Listing Rules and address any audit modifications;
- (c) demonstrate that there is no reasonable regulatory concern about the integrity, competence and/or character of the Group's management and/or any persons with substantial influence over the Company's management and operations, which may pose a risk to investors and damage market confidence;
- (d) engage an independent Internal Control Consultant to conduct an independent internal control review and demonstrate that:
 - (i) the material deficiencies identified in relation to the trading suspension have been rectified and all necessary remedial measures have been implemented; and
 - (ii) the internal controls of the Company are adequate and effective to serve their purposes and enable the Company to comply with the Listing Rules in all material aspects, including but not limited to financial reporting, disclosure and compliance relating to notifiable and connected transactions and disclosure of material information;
- (e) demonstrate the Company's compliance with Rule 13.24 of the Listing Rules; and
- (f) inform the market of all material information for the Company's shareholders and other investors to appraise the Company's position.

The Company must meet all requirements in the Resumption Guidance, remedy the issues causing its trading suspension and fully comply with the Listing Rules to the Stock Exchange's satisfaction before trading in its securities is allowed to resume. Under Rule 6.01A(1) of the Listing Rules, the Stock Exchange may cancel the listing of any securities that have been suspended from trading for a continuous period of 18 months. In the case of the Company, the 18-month period expires on September 19, 2027.

On March 19, 2026, the Board established the Special Investigation Committee, comprising all the independent non-executive Directors, to conduct an independent investigation into the Questionable Transactions. The Special Investigation Committee proposed to engage a qualified and experienced forensic accounting firm to conduct the independent investigation and report directly to the Special Investigation Committee.

On March 22, 2026, Ernst & Young (China) Advisory Limited was appointed by the Special Investigation Committee as the Forensic Accountant to undertake the independent investigation into the Questionable Transactions. This arrangement is also in line with one of the requirements for resumption of trading in the Shares as set out in the Resumption Guidance.

On July 10, 2026, the Board resolved that the Audit Committee and the Compliance Committee should commence the selection and appointment process for an Internal Control Consultant to conduct an independent internal control review. As at the Latest Practicable Date, the selection and appointment process is still ongoing.

On March 31, 2026, April 27, 2026 and September 16, 2026, progress update announcements on the Independent Forensic Investigation were published by the Company. The Forensic Accountant identified a total of 64 Questionable Transactions (excluding five double-counting transactions) within the scope of the Independent Forensic Investigation, amounting to approximately RMB22.8 million in aggregate and substantially completed the Independent Investigation Report. For the key findings of the Independent Investigation Report, please refer to the announcement of the Company dated September 16, 2026.

As at the Latest Practicable Date, the annual results for the year ended December 31, 2025 and the interim results for the six months ended June 30, 2026 remained outstanding.

For further details, please refer to the relevant announcements of the Company dated March 19, 2026, March 20, 2026, March 31, 2026, April 27, 2026, June 18, 2026, July 10, 2026, August 14, 2026, August 31, 2026 and September 16, 2026.

In summary, as at the Latest Practicable Date, the Company has undertaken the following work in response to the following requirements set out in the Resumption Guidance, fulfilment of which is subject to the satisfaction of the Stock Exchange (details of which are set out in the announcement of the Company dated June 18, 2026):

- (i) conducted the Independent Forensic Investigation into the Questionable Transactions;
- (ii) continued to work with the auditor of the Company towards the publication of all outstanding financial results (i.e., the annual results for the year ended December 31, 2025 and the interim results for the six months ended June 30, 2026) required under the Listing Rules;
- (iii) removed the former chief executive officer and the executive Director; and
- (iv) commenced the selection and appointment process for an Internal Control Consultant to conduct an independent internal control review;
- (v) informed the market of material information necessary for the Shareholders and other investors to appraise the Company's position.

As at the Latest Practicable Date, the trading suspension remained in place and the Company was taking action to address the Resumption Guidance and would make further announcement(s) to inform the Shareholders and potential investors of the Company as and when appropriate.

Your attention is drawn to Appendix I and Appendix II to this Response Document which contain further financial and general information of the Group.

PUBLIC FLOAT OF THE COMPANY

The Stock Exchange has stated that:

- (i) if, at the close of the Partial Offer, the Stock Exchange believes that (a) a false market exists or may exist in the trading of the Shares; or (b) an orderly market does not exist or may not exist, it will consider exercising its discretion to suspend dealings in the Shares; and
- (ii) if, at the close of the Partial Offer, the Company has a Significant Public Float Shortfall (as defined in rule 13.32F of the Listing Rules), then: (a) the Stock Exchange will add a designated marker to the stock name of the listed Shares; and (b) 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.

As at the Latest Practicable Date, the Company has a public float of approximately 55.71% of the Shares. Assuming (i) full acceptance of the maximum number of Offer Shares under the Partial Offer by the Qualifying Shareholders; and (ii) that there are no changes to the issued share capital of the Company between the Latest Practicable Date and the Closing Date, the Company will continue to have a public float of above 25% of the Shares immediately following the close of the Partial Offer. Accordingly, the number of Shares in public hands will continue to meet the minimum public float requirement under Rule 13.32B of the Listing Rules. With reference to the Offer Document, the Offeror intends the Company to remain listed on the Stock Exchange.

SHAREHOLDING STRUCTURE OF THE COMPANY AND EFFECT OF THE PARTIAL OFFER

Assuming that (i) there will be no change to the issued share capital of the Company; (ii) no other change to the shareholding between the Latest Practicable Date and up to the Closing Date; and (iii) the maximum of 115,000,000 Offer Shares are tendered by Qualifying Shareholders for acceptance under the Partial Offer in proportion to the number of Shares held by each of them over the Shares held by all of them, the shareholding structure of the Company, as at the Latest Practicable Date and immediately upon completion of the Partial Offer, is set out below:

Name of Shareholder	Notes	As at the Latest Practicable Date		Immediately upon completion of the Partial Offer assuming all Qualifying Shareholders (other than the Directors who hold Shares) tender all of their Shares for acceptance under the Partial Offer	
		Number of Shares	Approximate %	Number of Shares	Approximate %
Perfect Score Group Limited	1	483,000,000	20.82	457,566,259	19.72
FSG Holding Corporation	2	320,360,000	13.81	303,490,532	13.08
Sunshine Life Insurance Co., Ltd* (陽光人壽保險股份有限公司)	3	151,482,000	6.53	143,505,284	6.19
The Offeror and parties acting in concert with her					
— the Offeror		—	—	115,000,000	4.96
— Parties acting in concert with the Offeror		—	—	—	—
Subtotal:		—	—	115,000,000	4.96
Directors					
— Bai Xiaojiang	4	107,053,452	4.61	107,053,452	4.61
— Tan Leon Li-an	5	900,000	0.04	900,000	0.04
— Huang James Chih-Cheng	5	400,000	0.02	400,000	0.02
— Lu Hesheng	5	27,600,000	1.19	27,600,000	1.19
Other shareholders		1,229,067,970	52.98	1,164,347,895	50.19
Total:		2,319,863,422	100.00	2,319,863,422	100.00

Notes:

1. Perfect Score Group Limited is a direct wholly-owned subsidiary of Alliance Rise Limited, which in turn is a direct wholly-owned subsidiary of China Zhongfu Industrial Group Limited* (中國中福實業集團有限公司). China Zhongfu Industrial Group Limited* (中國中福實業集團有限公司) is a direct wholly-owned subsidiary of Shanghai Hongfu Investment Development Co., Ltd.* (上海鴻福投資發展有限公司), which in turn is owned as to 50% by Shanghai Zhongmin Elderly Affairs Development Service Centre* (上海中民老齡事業開發服務中心) and 50% by Shanghai Zhongmin Elderly Affairs Consultancy Service Centre* (上海中民老齡事業諮詢服務中心), both being private non-enterprise unit (民辦非企業單位) administered by Shanghai Qingpu Administration of Civil Affairs.
2. Mr. Tan Tize Shune (also known as Tan Chih Chun), the father of Mr. Tan Leon Li-an, a non-executive Director and vice-chairman of the Company, is entitled to exercise or control the exercise of one third or more of the voting power at general meetings of FSG Holding Corporation through (i) being a settlor of a trust, which in turn is interested in the entire issued share capital of Pacific Millennium Investment Corporation, the largest shareholder of FSG Holding Corporation; and (ii) being a settlor of another trust, which in turn is interested in the entire issued share capital of Fast Answer Limited, the third largest shareholder of FSG Holding Corporation. As disclosed in the 2025 Interim Report of the Company, as at June 30, 2025, FSG Holding Corporation was interested in 320,360,000 Shares, representing approximately 13.81% of the then issued share capital of the Company. Based on the latest publicly available disclosure, FSG Holding Corporation is currently interested in 359,600,000 Shares, representing approximately 15.50% of the issued share capital of the Company.
3. Sunshine Life Insurance Co., Ltd. is owned as to 99.99% by Sunshine Insurance Group Co., Ltd.
4. Mr. Bai Xiaojiang is an executive Director and intends, in respect of his own beneficial shareholdings, to reject the Partial Offer.
5. Each of Mr. Tan Leon Li-an, Mr. Huang James Chih-Cheng and Mr. Lu Hesheng is a non-executive Director and intends, in respect of his own beneficial shareholdings, to reject the Partial Offer.
6. The Offeror will not be a “controlling shareholder” (as defined in the Listing Rules) of the Company immediately upon completion of the Partial Offer. The Offeror does not have any relationship with each of the substantial Shareholders of the Company and the Directors and they are not parties acting in concert with the Offeror.
7. Percentage figures are rounded to the nearest two decimal places, and certain percentage figures included in the above table have been subject to rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

Pursuant to Rule 2.8 of the Takeovers Code, the Independent Board Committee, comprising Mr. Tan Leon Li-an, Mr. Lu Hesheng, Mr. Huang James Chih-Cheng, Ms. Liang Yanjun, Mr. Shi Xiaobei, Mr. Chen Gui, Mr. Ng Michael Chiu Ho, Mr. Zhao Guangbin, Mr. Zhou Quan and Ms. Qian Qian, being all the non-executive Directors and independent non-executive Directors who have no direct or indirect interest in the Partial Offer, has been formed to advise the Qualifying Shareholders in respect of the Partial Offer.

The Board has appointed Octal Capital Limited as the Independent Financial Adviser to advise the Independent Board Committee and the Qualifying Shareholders in respect of the Partial Offer and, in particular, as to whether the Partial Offer is fair and reasonable and as to the acceptance of the Partial Offer. The appointment of Octal Capital Limited as the Independent Financial Adviser has been approved by the Independent Board Committee in accordance with Rule 2.1 of the Takeovers Code. The letter of advice from the Independent Financial Adviser in respect of the Partial Offer and its recommendation to the Independent Board Committee and the Qualifying Shareholders is included in this Response Document.

RECOMMENDATION

Your attention is drawn to (i) the “Letter from the Independent Board Committee” set out on pages 18 to 19 of this Response Document, which contains its recommendations to the Qualifying Shareholders in respect of the Partial Offer; and (ii) the “Letter from the Independent Financial Adviser” set out on pages 20 to 46 of this Response Document, which contains its advice to the Independent Board Committee in connection with the Partial Offer, as well as the principal factors and reasons considered by it in arriving at its recommendation. **Qualifying Shareholders should read these letters in conjunction with the Offer Document carefully before taking any action in respect of the Partial Offer.**

The Independent Financial Adviser is of the view that the Partial Offer is **NOT** fair and **NOT** reasonable so far as the Qualifying Shareholders are concerned and accordingly recommend the Qualifying Shareholders **NOT** to accept the Partial Offer.

Having considered the terms of the Partial Offer and the advice from the Independent Financial Adviser, the Independent Board Committee considers that the Partial Offer is **NOT** fair and **NOT** reasonable so far as the Qualifying Shareholders are concerned and accordingly recommends the Qualifying Shareholders **NOT** to accept the Partial Offer.

The Directors (excluding the members of the Independent Board Committee whose view is set out in the “Letter from the Independent Board Committee” in this Response Document) concur with the views of the Independent Board Committee and the Independent Financial Adviser and are of the view that the terms of the Partial Offer are **NOT** fair and **NOT** reasonable so far as the Qualifying Shareholders are concerned and accordingly recommend the Qualifying Shareholders **NOT** to accept the Partial Offer.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information contained in the Appendices to this Response Document.

You are also recommended to read carefully the Offer Document and the accompanying Form of Acceptance for further details in respect of the procedures for acceptance of the Partial Offer.

CONTINUED SUSPENSION OF TRADING

Trading in the shares of the Company on the Stock Exchange has been suspended with effect from 9:00 a.m. on Friday, March 20, 2026 and will remain suspended until further notice.

Yours faithfully,
For and on behalf of the Board of
Fu Shou Yuan International Group Limited

A handwritten signature in black ink, appearing to be 'Bai Xiaojang', written in a cursive style.

Bai Xiaojang
Chairman and Executive Director