

DATED 8 APRIL 2025

CHELT TRADING LIMITED

AND

**JINGYU ENTERPRISE DEVELOPMENT (SHANDONG) CO., LTD.* (菁裕企業發展
（山東）有限公司)**

DEED OF IRREVOCABLE UNDERTAKING

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THIS DEED OF IRREVOCABLE UNDERTAKING is dated 8 April 2025 and made:

BETWEEN:

- (1) **CHELT TRADING LIMITED**, a company incorporated in the British Virgin Islands (“**BVI**”), whose registered office is at OMC Chambers, Wickam’s Cay 1, Road Town Tortola, BVI (the “**Obligor**”); and
- (2) **JINGYU ENTERPRISE DEVELOPMENT (SHANDONG) CO., LTD.*** (菁裕企業發展（山東）有限公司), a company incorporated in the People’s Republic of China (the “**PRC**”), whose registered office is at No. 101, No. 685 Dongjiaohai Village, Qiaorun Street, Yanggu County, Liaocheng City, Shandong Province, the PRC (the “**Offeror**”).

WHEREAS:

- (A) Shandong Fengxiang Co., Ltd. (山東鳳祥股份有限公司) (the “**Company**”) is a joint stock company incorporated in the PRC with limited liability whose issued H Shares are currently listed on the Stock Exchange (stock code: 9977) with its registered office at Liumiao Village, Anle Town, Yanggu County, Liaocheng City, Shandong Province, the PRC, and as at the date hereof, the issued share capital of the Company is 1,583,348,000 Shares, comprising 1,045,000,000 Domestic Shares and 538,348,000 H Shares, of which 25,939,000 H Shares (representing approximately 4.82% of the H Shares and approximately 1.64% of the issued share capital of the Company as at the date hereof) are legally and beneficially owned by the Obligor.
- (B) The Offeror intends to proceed with the Merger substantially on the terms and conditions set out in the Announcement and otherwise as described in this Undertaking.
- (C) Upon the terms contained in this Undertaking, the Obligor agrees to irrevocably undertake to exercise or procure the exercise of the voting rights attached to all of the Offeree Shares to vote in favour of the resolutions at the EGM and the H Share Class Meeting to approve the Merger and the Rollover Arrangement (as applicable), in accordance with the terms and conditions set out in the Composite Document.

NOW IT IS HEREBY AGREED as follows:

1 INTERPRETATION

- 1.1 Capitalised terms used but not defined herein shall have the meanings assigned to them in the Announcement.
- 1.2 In this Undertaking, the following terms shall have the following meanings:

“**Announcement**” means the joint announcement to be published by the Offeror and the Company pursuant to Rule 3.5 of the Takeovers Code in respect of the Merger, the latest draft of which is attached hereto in Appendix A;

“**Applicable Laws**” means with respect to any person, any laws, rules, regulations, guidelines, directives, treaties, judgments, decrees, orders or notices of any Authority that is applicable to such persons;

“Authority” means any relevant government, administrative or regulatory body, or court, tribunal, arbitrator or governmental agency or authority or department (including any relevant securities exchange) and whether supranational, national, regional or local;

“Business Day” means a day on which banks are open for business in Hong Kong (other than a Saturday, Sunday or a public holiday or a day on which a tropical cyclone warning No.8 or above or a “black rainstorm warning signal” is hoisted or remains hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.);

“CCASS” means the Central Clearing and Settlement System established and operated by HKSCC;

“CCASS Participant” means a person admitted for the time being by HKSCC as a participant of CCASS;

“Company” has the meaning given to it in Recital (A);

“Completion Date” means the date of completion of the Merger;

“Despatch Date” means the date of despatch of the Composite Document;

“Encumbrance” means a mortgage, charge, pledge, lien, option, restriction, right of first refusal, right of pre-emption, third-party right or interest, other encumbrance or security interest of any kind, or another type of preferential arrangement (including, without limitation, a title transfer or retention arrangement) having similar effect;

“HKIAC” has the meaning given to it in Clause 17.2;

“HKSCC” means Hong Kong Securities Clearing Company Limited;

“HK\$” means the lawful currency of Hong Kong;

“Notice” means a notice to be given pursuant to the terms of this Undertaking, and shall be construed in accordance with Clause 10;

“Offeree Shares” means (i) the Shares owned by the Obligor as specified in Schedule 1, (ii) any other Share which the Obligor may acquire on or after the date hereof and (iii) any other Shares attributable to or derived from the Shares referred to in (i) and (ii) (including, without limitation, any scrip dividend);

“Parties” means the named parties to this Undertaking and **“Party”** means any one of them;

“Rules” has the meaning given to it in Clause 17.2;

“Undertaking” means this Undertaking as amended or varied from time to time; and

“Warranties” means the representations and warranties given by the Obligor and contained in this Undertaking set out in Clause 2.1 and Schedule 2 and the expression **“Warranty”** means any one of them.

- 1.3 References herein to statutory provisions shall be construed as references to those provisions as amended or re-enacted or as their application is modified by other provisions (whether before or after the date hereof) from time to time and shall include any provisions of which they are re-enactments (whether with or without modification).
- 1.4 References herein to Clauses and Schedules are to clauses in and schedules to this Undertaking unless the context requires otherwise and the Schedules to this Undertaking shall be deemed to form part of this Undertaking.
- 1.5 The expressions the “Obligor” and the “Offeror” shall, where the context permits, include their respective successors and permitted assigns. For the avoidance of doubt, in the event of a merger of any of the Parties, the surviving entity of such Party shall be deemed to be the successor of such Party.
- 1.6 The headings are inserted for convenience only and shall not affect the construction of this Undertaking.
- 1.7 In this Undertaking, references to:
- 1.7.1 being “**interested in**” or having “**interests in**” shares or securities shall be interpreted in accordance with the SFO; and
- 1.7.2 “**business day**”, “**dealing**” and “**offer period**” shall be interpreted in accordance with the Takeovers Code.

2 OWNERSHIP OF SHARES

- 2.1 Subject to this Undertaking not having been terminated, the Obligor hereby represents, warrants and undertakes as at the date hereof, on the Despatch Date and the Completion Date that:
- 2.1.1 it is the registered holder and sole beneficial owner of the Offeree Shares free and clear of any Encumbrance, and all such Offeree Shares have been properly allotted and issued and fully paid up; and
- 2.1.2 save as set out in Schedule 1, it is not interested in any other securities of the Company and does not have any rights to subscribe, purchase or otherwise acquire any securities of the Company.

3 DEALINGS

- 3.1 The Obligor undertakes that it shall not, and shall procure that the relevant registered holder of the Offeree Shares shall not, on or before the Completion Date, and other than in connection with the Merger or pursuant to Clause 4 below, sell, transfer, charge, encumber, create or grant any option or lien over or otherwise dispose of (or permit any such action to occur in respect of) all or any of the Offeree Shares or any interest therein.

4 IRREVOCABLE UNDERTAKING

- 4.1 The Obligor irrevocably undertakes to exercise or procure the exercise of the voting rights attached to all of the Offeree Shares to vote in favour of the resolutions at the EGM and the H Share Class Meeting to approve the Merger and the Rollover

Arrangement (as applicable), in accordance with the terms and subject to the conditions to be set out in the Composite Document.

- 4.2 The Obligor irrevocably undertakes that in exercising or procuring the exercise of any of the voting rights attached to the Offeree Shares in accordance with Clause 4.1, to the extent any such Offeree Shares are registered in the name of HKSCC or its nominee and held in CCASS, the Obligor shall give all instructions, take all actions and execute all documents as may be necessary or required by the relevant CCASS Participant in respect of such Offeree Shares in a timely manner to ensure that the relevant CCASS Participant shall cause HKSCC or its nominee to vote accordingly at the EGM and the H Share Class Meeting.

5 REPRESENTATIONS AND WARRANTIES

- 5.1 Subject to this Undertaking not having been terminated, the Obligor represents and warrants to the Offeror that each of the Warranties is true and accurate in all material respects and not misleading in any material respects at the date of this Undertaking by reference to the facts and circumstances existing at such date. On the Despatch Date and the Completion Date, the Obligor is deemed to represent and warrant to the Offeror that each of the Warranties is true and accurate in all material respects and not misleading in any material respects at the Despatch Date and the Completion Date by reference to the facts and circumstances existing at such date. For this purpose only, where in a Warranty there is an express or implied reference to the “date of this Undertaking”, that reference is to be construed as a reference to the Despatch Date or the Completion Date (as the case may be).
- 5.2 Each of the Warranties shall be construed as a separate and independent warranty and (save where expressly provided to the contrary) shall not be limited or restricted by reference to or inference from the terms of any other term of this Undertaking or any other Warranty.
- 5.3 The Obligor hereby agrees, to the extent permissible under Applicable Laws, to disclose as soon as reasonably practicable to the Offeror in writing upon becoming aware of the same any matter, event or circumstance (including any omission to act) which may arise or become known to it after the date of this Undertaking up to and including the Completion Date which may constitute a breach of any of the Warranties if given at any time up to and including the Completion Date or which might make them untrue, inaccurate or misleading in any material respect.
- 5.4 The Offeror represents and warrants to the Obligor that each of the representations and warranties set out in Schedule 3 is true, accurate and not misleading at the date of this Undertaking, the Despatch Date and the Completion Date, by reference to the facts and circumstances existing at such date. For this purpose only, where in a representation or warranty there is an express or implied reference to the “date of this Undertaking”, that reference is to be construed as a reference to the Despatch Date or the Completion Date (as the case may be).

6 VOTING RIGHTS AND PREJUDICIAL ACTION

- 6.1 The Obligor hereby irrevocably undertakes that:

- 6.1.1 it shall not exercise any of the voting rights attached to the Offeree Shares other than in accordance with this Undertaking;
- 6.1.2 it shall exercise (or procure the exercise of) the voting rights attached to the Offeree Shares on any resolution which would assist implementation of the Merger and the Rollover Arrangement (as applicable) in accordance with the Offeror's reasonable instructions; and
- 6.1.3 it shall not make any offer to acquire the whole or any part of the issued share capital of the Company nor permit any company in which it, directly or indirectly, has any interest to make such an offer.

7 CONSENTS

- 7.1 The Obligor agrees to:
 - 7.1.1 the issue of the Composite Document and any other announcement in connection with the Merger with the references to it and to details of this Undertaking;
 - 7.1.2 details of this Undertaking being set out in any other announcement in respect of the Merger and in the Composite Document; and
 - 7.1.3 this Undertaking being available for inspection during the offer period.
- 7.2 Each Party shall use commercially reasonable endeavours to give the other Parties all information and assistance as such Parties may reasonably require in order to comply with the requirements of the Takeovers Code, the Listing Rules and all Applicable Laws in relation to the Merger.

8 CONFIDENTIAL INFORMATION

The Obligor and the Offeror undertake to each other to keep confidential (save for any disclosure as required by the Takeovers Code, the Listing Rules or any Applicable Law) (i) matters referred to in this Undertaking; and (ii) all information they have acquired about each other and agree to use the information only for the purposes contemplated by the Merger.

9 TERMINATION

- 9.1 This Undertaking shall terminate immediately:
 - 9.1.1 if the Merger Agreement does not become effective or is terminated pursuant to its terms; or
 - 9.1.2 by mutual agreement of the Obligor and the Offeror,whichever is the earlier.
- 9.2 In the event of the termination of this Undertaking in accordance with its terms, this Undertaking shall terminate in all respects with immediate effect, and no Party shall have any claim under this Undertaking against any other Party, save that:

- 9.2.1 the provisions of Clauses 1 and 8 to 17 shall continue to apply in full force and effect thereafter; and
- 9.2.2 such termination shall be without prejudice to a Party's accrued rights and remedies, obligations and liabilities under this Undertaking as at the date of such termination.

10 NOTICES

- 10.1 A Notice under or in connection with this Undertaking shall be:

10.1.1 in writing and in English; and

10.1.2 delivered personally, sent by email or sent by courier to the Party due to receive the Notice at the email address or address referred to in Clause 10.2 or such other email address or address as a Party may specify by notice in writing to the other Parties received before the Notice was despatched.

- 10.2 For the purposes of this Clause 10, a Notice shall be sent to the email addresses or addresses and for the attention of those persons set out below:

10.2.1 in the case of the Obligor:

Address: Apartadp 15-1250, Escazú, San José, Costa Rica
Email: jjmontealegre@sigmas.net
Attention: Jaime J. Montealegre

10.2.2 in the case of the Offeror:

Address: 33/F, Three Pacific Place 1 Queen's Road East Hong Kong
Email: ProjectFalcon@pag.com (with copy to pagpelegal@pag.com)
Attention: Wilson Lu / Lingjie Zhu / Minchu Wang

or to such other email address or address as the relevant Party may have notified to the other by not less than seven (7) days' written notice to the other Party before the Notice was despatched.

- 10.3 Unless there is evidence that it was received earlier, a Notice is deemed given if:

10.3.1 delivered personally, when left at the address referred to in Clause 10.2;

10.3.2 sent by courier, two (2) Business Days after posting it; or

10.3.3 sent by email, if during normal business hours at the location of delivery, immediately, or, if later, then on the next Business Day after the day of delivery.

11 OTHER

- 11.1 Any date, time or period referred to in this Undertaking shall be of the essence except to the extent to which the Parties agree in writing to vary any date, time or period, in which event the varied date, time or period shall be of the essence.

- 11.2 The Obligor has been given a realistic opportunity to consider whether or not it should give this Undertaking and has received independent advice about the nature of this Undertaking.
- 11.3 The ejusdem generis principle of construction shall not apply to this Undertaking. Any phrase introduced by the terms “other”, “including”, “include” and “in particular” or any similar expression shall be construed as illustrative and shall not limit the sense of the words following or preceding those terms.
- 11.4 The Parties do not intend that any term of this Undertaking shall be enforceable, by virtue of the Contracts (Rights of Third Parties) Ordinance (Chapter 623 of the Laws of Hong Kong), by any person who is not a party to this Undertaking.

12 COSTS

The costs of the Offeror and the Obligor in relation to the negotiation, preparation, execution and performance by them of this Undertaking will be borne by themselves, respectively.

13 ENTIRE AGREEMENT

This Undertaking constitutes the entire agreement and supersedes any previous agreements (if any) between the Parties relating to the subject matter of this Undertaking.

14 VARIATION

A variation of this Undertaking is only valid if it is in writing and signed by or on behalf of each Party.

15 FURTHER ASSURANCE

The Obligor agrees to take all such action or procure that all such action is taken as is reasonable in order to implement the terms of this Undertaking or any transaction, matter or thing contemplated by this Undertaking.

16 COUNTERPARTS

This Undertaking may be executed in any number of counterparts, each of which when executed and delivered is an original and all of which together evidence the same instrument.

17 GOVERNING LAW AND JURISDICTION

- 17.1 This Undertaking is governed by and construed in accordance with the laws of Hong Kong for the time being in force.
- 17.2 Any dispute, controversy, or claim arising out of or relating to this Undertaking (including any question regarding its existence, validity or termination, or the interpretation or enforcement of any provision hereof) that cannot be amicably settled shall be referred to and finally resolved by binding arbitration administered by the Hong Kong International Arbitration Centre (“**HKIAC**”) in accordance with the HKIAC

Administered Arbitration Rules (the “**Rules**”) in force when the Notice of Arbitration is submitted in accordance with such Rules, which Rules are deemed to be incorporated by reference into this Clause and as may be amended by the rest of this Clause.

- 17.3 The arbitration tribunal shall consist of a sole arbitrator to be appointed in accordance with the Rules.
- 17.4 The seat of the arbitration shall be Hong Kong.
- 17.5 The language of the arbitration proceedings shall be English.

* *For identification purposes only.*

APPENDIX A
ANNOUNCEMENT

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this joint announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this joint announcement.

This joint announcement appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities of the Offeror or the Company, nor is it a solicitation of any vote or approval in any jurisdiction. This joint announcement is not for release, publication or distribution, in whole or in part, in, into or from any jurisdiction where to do so would constitute a violation of the applicable laws or regulations of such jurisdiction.



凤祥食品

菁裕企業發展（山東）有限公司

**Jingyu Enterprise Development
(Shandong) Co., Ltd.***

*(a company incorporated in the People's
Republic of China with limited liability)*

SHANDONG FENGXIANG CO., LTD.

山東鳳祥股份有限公司

*(a joint stock company incorporated in the People's
Republic of China with limited liability)*

(Stock code: 9977)

JOINT ANNOUNCEMENT

**(1) PROPOSED PRE-CONDITIONAL PRIVATISATION
OF SHANDONG FENGXIANG CO., LTD. BY THE OFFEROR BY WAY
OF MERGER BY ABSORPTION**

(2) PROPOSED WITHDRAWAL OF LISTING

(3) SPECIAL DEAL RELATING TO ROLLOVER ARRANGEMENT

[(4) IRREVOCABLE UNDERTAKING]

AND

(5) RESUMPTION OF TRADING IN H SHARES

Financial Adviser to the Offeror



1. INTRODUCTION

The Offeror and the Company are pleased to jointly announce that on [●] March 2025, the Offeror and the Company entered into the Merger Agreement, pursuant to which the Offeror and the Company will implement the Merger subject to the terms and conditions of the Merger Agreement, including the Pre-Conditions and the Conditions. After the Merger, the Company will be merged into and absorbed by the Offeror in accordance with the PRC Company Law and other applicable PRC Laws.

2. PROPOSED TRANSACTION¹

Pursuant to the Merger Agreement, conditional upon the fulfilment (or waiver, as applicable) of the Pre-Conditions and the Conditions, the Offeror will pay the Cancellation Price in the amount of (a) HK\$2.0 per H Share to the H Shareholders for the cancellation of the H Shares and (b) RMB[●] per Domestic Share, which is equivalent to the Cancellation Price of each H Share based on the Exchange Rate, to the Domestic Shareholders for the cancellation of the Domestic Shares, other than Falcon Holding (being the parent company of the Offeror) and Platinum Peony (being a party acting in concert with the Offeror) as described in the section headed “3. *PRINCIPAL TERMS OF THE MERGER AGREEMENT*” below.

As at the date of this joint announcement, there are no outstanding dividends which have been declared by the Company and not yet paid. If, after the date of this joint announcement, any dividend and/or other distribution and/or other return of capital is announced, declared or paid in respect of the Shares, the Offeror reserves the right to reduce the Cancellation Price by all or any part of the gross amount or value of such dividend, distribution and/or, as the case may be, return of capital (before tax) after consultation with the Executive, in which case any reference in this joint announcement, the Composite Document or any other announcement or document to the Cancellation Price will be deemed to be a reference to the Cancellation Price as so reduced. Pursuant to the Merger Agreement, the Company has undertaken that it shall not announce, declare or pay any dividend, other distribution or other return of capital before termination of the Merger Agreement or the Delisting Date (whichever is earlier).

After the Merger, the Offeror will assume all assets, liabilities, interests, businesses, employees, contracts and all other rights and obligations of the Company and the Company will be eventually deregistered.

After fulfilment (or waiver, if applicable) of the Pre-Conditions and all the Conditions (being the Conditions to effectiveness and the Conditions to implementation), the Offeror shall: (i) as soon as possible and in any event no later than seven (7) business days, (x) pay the Cancellation Price to all H Shareholders (other than Falcon Holding and Platinum Peony) and (y) issue its registered capital to Falcon Holding pursuant to the Merger Agreement (as described in the section headed “3. *PRINCIPAL TERMS OF THE MERGER AGREEMENT*” below) and (ii) as soon as possible and in any event no later than seven (7) business days or such later time as permitted by the Executive, pay the Cancellation Price to all Domestic Shareholders (other than Falcon Holding). Pursuant to the Merger Agreement, the

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¹ **Note to Draft:** Subject to updates based on the draft Merger Agreement.

Offeror will issue its registered capital to Platinum Peony after the Delisting Date and on a date to be separately agreed between the Offeror and Platinum Peony. As payment of the Cancellation Price to all Domestic Shareholders (other than Falcon Holding) is subject to completion of certain administrative procedures required under applicable PRC Laws, payment may not be completed within seven (7) business days after fulfilment (or waiver, if applicable) of the Pre-Conditions and all the Conditions (being the Conditions to effectiveness and the Conditions to implementation) as required under Rule 20.1 of the Takeovers Code. Based on the above, the Offeror will apply to the Executive for a waiver from strict compliance with Rule 20.1 of the Takeovers Code in relation to the settlement of the Cancellation Price payable to all Domestic Shareholders (other than Falcon Holding) and Platinum Peony respectively.

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On the basis of (i) the Cancellation Price of HK\$2.0 per H Share and RMB[●] per Domestic Share (equivalent to the Cancellation Price of HK\$2.0 per H Share based on the Exchange Rate), (ii) 538,348,000 H Shares and 1,045,000,000 Domestic Shares in issue as at the date of this joint announcement, and (iii) the Cancellation Price (x) for 137,265,505 H Shares and 992,854,500 Domestic Shares held directly by Falcon Holding and (y) for 156,679,000 H Shares held directly by Platinum Peony to be satisfied through the issuance of the registered capital of the Offeror as described in the section headed “3. *PRINCIPAL TERMS OF THE MERGER AGREEMENT*” below, the amount of aggregate Cancellation Price required to be paid by the Offeror to cancel (i) the H Shares held by the H Shareholders and (ii) the Domestic Shares held by the Domestic Shareholders, other than Falcon Holding and Platinum Peony, is HK\$488,806,990 and approximately RMB[●], respectively.

Falcon Holding has undertaken with the Offeror to pay on its behalf the total consideration for cancellation of the H Shares, and the Offeror will pay the total consideration for cancellation of the Domestic Shares with financial resources made available by Falcon Holding. Falcon Holding has obtained binding equity commitment letter from PAG Fund IV, pursuant to which PAG Fund IV has irrevocably committed to make one or more direct or indirect capital contributions in cash to Falcon Holding for its use solely for the purpose of the Merger. It is contemplated that PAG Fund IV, as the key limited partner of Falcon Holding, will provide the aforementioned equity commitment as bridge financing for efficiency purpose, and the allocation amongst the limited partners of Falcon Holding will be arranged subsequently.

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After payment of consideration is made to the Shareholders by or on behalf of the Offeror, all rights attaching to such Shares shall cease to have effect and the relevant Shares shall be cancelled. The share certificates for the relevant Shares will cease to have effect as documents or evidence of title.

The Cancellation Price will not be increased and the Offeror does not reserve the right to do so. Shareholders and potential investors should be aware that, following the making of this statement, the Offeror will not be allowed to increase the Cancellation Price.

The Offeror reserves the right to introduce another manner to settle the Cancellation Price as follows:

The Offeror reserves its right to offer to all Shareholders (other than Falcon Holding and Platinum Peony) an alternative to cash settlement (the “Potential Share Alternative Offer”) of the Cancellation Price, through which such Shareholders may acquire the Potential Rollover Securities at an exchange ratio to be specified, provided that the total number of securities in the Company subject to the Potential Share Alternative Offer shall not exceed 5% of the total number of issued Shares in the Company as at the date of this joint announcement (i.e. 79,167,400 Shares) and in the event such Shareholders holding more than 5% of the Company’s issued Shares have indicated interest to take the Potential Share Alternative Offer, a proportional entitlement arrangement will be implemented, with the details of which to be announced by the Offeror in due course.

The Potential Share Alternative Offer is at the Offeror’s sole discretion and is subject to the pre-condition of receiving on or between the date of this joint announcement and 4:00 p.m. on [●] 2025 duly signed and dated letters of interest from intending Shareholders (other than Falcon Holding and Platinum Peony) holding, in aggregate, not less than 0.5% of the total number of issued Shares as at the date of this joint announcement (i.e. 7,916,740 Shares), expressing their indicative interest to elect Potential Share Alternative Offer. Should this pre-condition be met, and the Offeror exercises its discretion to make the Potential Share Alternative Offer, a new announcement under Rule 3.5 of the Takeovers Code will be made. Further details of the Potential Share Alternative Offer, if made by the Offeror, will be set out in the new announcement as referred to above.

For the avoidance of doubt, this represents the Offeror’s reservation of rights under Note 4 to Rule 18 of the Takeovers Code to introduce another form of consideration if the above pre-condition is met, and the Potential Share Alternative Offer may or may not be made. The Offeror will decide whether to exercise its discretion to make the Potential Share Alternative Offer as soon as reasonably practicable and in any event within two months after the above pre-condition is met.

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3. SPECIAL DEAL RELATING TO ROLLOVER ARRANGEMENT

The Offeror would like to allow Platinum Peony to retain its shareholding in the Company after the Merger by way of the Rollover Arrangement. As at the date of this joint announcement, Platinum Peony holds 156,679,000 H Shares, representing approximately 29.10% of the H Shares and approximately 9.90% of the total issued share capital of the Company.

The Offeror is of the view that it is important for the Company to retain Platinum Peony after the Merger, which will enhance the Group’s competitiveness in the market and benefit the Group’s long-term sustainable development and growth.

To document the Rollover Arrangement, Platinum Peony has issued a confirmation letter² to the Offeror, pursuant to which Platinum Peony confirms that, subject to (i)

² **Note to Draft:** Subject to updates based on the draft confirmation letter.

the final offer price for the cancellation of H Shares held by Platinum Peony under the Merger being HK\$2.0 per H Share, and the registered capital of the Offeror to be issued to Platinum Peony being RMB[●], (ii) the signing of the Merger Agreement in the form attached to the confirmation letter, and (iii) there being no material deviation between the form and contents of the executed version of the Merger Agreement with the agreed form and contents of such agreement as appended to the confirmation letter, Platinum Peony agrees to be issued with RMB[●] registered capital of the Offeror for each H Share it holds, which is equivalent to the Cancellation Price in RMB based on the Exchange Rate for each H Share, in consideration for the cancellation of the H Shares it holds pursuant to the Merger Agreement.

In connection with the Rollover Arrangement, it is contemplated that the Offeror and Platinum Peony will enter into the Capital Increase Agreement shortly after satisfaction of all of the Conditions to effectiveness, and Falcon Holding and Platinum Peony will enter into the Shareholders Agreement on or around the same time as the signing of the Capital Increase Agreement.

As the Rollover Arrangement is not offered to all Shareholders (as the Potential Share Alternative Offer may or may not be made), the Rollover Arrangement constitutes a special deal and requires the consent of the Executive under Rule 25 of the Takeovers Code. The Offeror will (before the despatch of the Composite Document) make an application for consent from the Executive to the Rollover Arrangement conditional on: (i) the Independent Financial Adviser to the Independent Board Committee confirming that the Rollover Arrangement is fair and reasonable so far as the Independent H Shareholders are concerned; and (ii) the passing of an ordinary resolution by the Shareholders other than the Offeror, its concert parties and any other Shareholders who are involved or interested in the Rollover Arrangement (including Falcon Holding and Platinum Peony) at the EGM to approve the Rollover Arrangement. Accordingly, the Merger Agreement shall become effective subject to, among other things, (i) the receipt of an opinion from the Independent Financial Adviser to the Independent Board Committee confirming that the Rollover Arrangement is fair and reasonable so far as the Independent H Shareholders are concerned; (ii) the passing of an ordinary resolution by the Shareholders other than the Offeror, its concert parties and any other Shareholders who are involved or interested in the Rollover Arrangement (including Falcon Holding and Platinum Peony) at the EGM to approve the Rollover Arrangement; and (iii) the grant of consent under Rule 25 of the Takeovers Code from the Executive in respect of the Rollover Arrangement.

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SFC0325Q4

4. **[IRREVOCABLE UNDERTAKING³**

On [●] March 2025, the Offeror obtained an irrevocable undertaking from [●], which holds [●] H Shares as at the date of this joint announcement (representing approximately [●]% of the H Shares held by the Independent H Shareholders, approximately [●]% of the H Shares and approximately [●]% of the total issued share capital of the Company as at the date of this joint announcement).

³ **Note to Draft:** To include based on discussion with (subject to the SFC's consent and approval) disinterested shareholders.

Pursuant to the Irrevocable Undertaking, [●] has irrevocably undertaken to the Offeror:

- (i) to exercise or procure the exercise of the voting rights attached to all of the IU Shares to vote in favour of the resolutions at the EGM and the H Share Class Meeting to approve the Merger and the Rollover Arrangement (as applicable), in accordance with the terms and subject to the conditions to be set out in the Composite Document;
- (ii) not to, and to procure that the relevant registered holder of the IU Shares not to, on or before the date of completion of the Merger, and other than in connection with the Merger or unless otherwise specified under the Irrevocable Undertaking, sell, transfer, charge, encumber, create or grant any option or lien over or otherwise dispose of (or permit any such action to occur in respect of) all or any of the IU Shares or any interest therein; and
- (iii) not to make any offer to acquire the whole or any part of the issued share capital of the Company nor permit any company in which it, directly or indirectly, has any interest to make such an offer.

The Irrevocable Undertaking shall terminate immediately if the Merger Agreement does not become effective or is terminated pursuant to its terms.]

5. PROPOSED WITHDRAWAL OF LISTING OF H SHARES

Upon satisfaction of the Pre-Conditions and all the Conditions to effectiveness, the Company will apply to the Stock Exchange for voluntary withdrawal of the listing of the H Shares from the Stock Exchange pursuant to Rule 6.15(2) of the Listing Rules.

The Company will issue separate announcement(s) notifying H Shareholders of the proposed withdrawal of listing and the exact dates and relevant arrangements for the last day for dealing in H Shares on the Stock Exchange as well as when the formal delisting of the H Shares will become effective.

The listing of the H Shares on the Stock Exchange will not be withdrawn if the Merger is not approved or lapses or does not become unconditional for any reason.

6. SHAREHOLDING IN THE COMPANY

As at the date of this joint announcement, the Company has 1,583,348,000 Shares in issue, which comprise 538,348,000 H Shares and 1,045,000,000 Domestic Shares.

As at the date of this joint announcement, the Offeror does not own any Share. Falcon Holding, which directly and beneficially owns the entire equity interest of the Offeror, directly holds (i) 137,265,505 H Shares, representing approximately 25.50% of the total issued H Shares and approximately 8.67% of the total issued share capital of the Company, and (ii) 992,854,500 Domestic Shares, representing approximately 95.01% of the total issued Domestic Shares and approximately 62.71% of the total issued share capital of the Company. As at the date of this joint announcement, Platinum Peony, a party acting in concert with the Offeror, directly holds

156,679,000 H Shares, representing approximately 29.10% of the total issued H Shares and approximately 9.90% of the total issued share capital of the Company.

As at the date of this joint announcement, save for the Shares and the Outstanding Share Awards, the Company does not have any outstanding options, warrants, convertible securities or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in issue.

7. DESPATCH OF COMPOSITE DOCUMENT

Subject to the fulfilment of the Pre-Conditions, the Company will convene the EGM and the H Share Class Meeting for the Shareholders and the H Shareholders respectively, to consider and, if thought fit, approve matters including the Merger and the Rollover Arrangement (as the case may be).

The Composite Document containing, amongst others, (i) further details of the Merger, the Merger Agreement, the Rollover Arrangement and other matters in relation to the Merger; (ii) a letter of advice issued by the Independent Financial Adviser to the Independent Board Committee; and (iii) recommendations and advice from the Independent Board Committee, together with a notice of the EGM, a notice of the H Share Class Meeting and proxy forms are expected to be despatched to the H Shareholders within seven (7) days after the satisfaction of the Pre-Conditions. The Offeror will apply to the Executive for its consent under Note 2 to Rule 8.2 of the Takeovers Code to permit the Composite Document to be posted within the timeframe described above, and an announcement will be made in due course as required under the Takeovers Code.

8. BOARD APPROVAL, INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Board approved the Merger and its related matters at its board meeting on [●] March 2025.

The Board has established the Independent Board Committee, consisting of all of the independent non-executive Directors, being Ms. Wang Anyi, Ms. Zhao Yinglin and Mr. Chung Wai Man. Each of Mr. Qiu Zhongwei, Mr. Lu Wei, Mr. Zhu Lingjie and Ms. Zhou Ruijia is a non-executive Director and is not a member of the Independent Board Committee as each is an employee of PAG and/or its subsidiaries, and Mr. Zhu Lingjie is also the sole director of the Offeror. The Independent Board Committee will advise the Independent H Shareholders as to: (a) whether the Merger and the Rollover Arrangement are fair and reasonable for the purpose of the Takeovers Code; and (b) voting at the EGM and the H Share Class Meeting.

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The Independent Financial Adviser will be appointed by the Company with the approval from the Independent Board Committee to provide advice to the Independent Board Committee in respect of the Merger and the Rollover Arrangement. An announcement will be made by the Company as soon as possible after the appointment of such Independent Financial Adviser. The Independent Board Committee is evaluating the Merger and the Rollover Arrangement, and its views

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and recommendations will be set out in the Composite Document to be despatched to the H Shareholders.

9. RESUMPTION OF TRADING IN THE H SHARES

At the request of the Company, trading in the H Shares on the Stock Exchange was halted from 9:00 a.m. on 17 March 2025 pending issuance of this joint announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the H Shares on the Stock Exchange with effect from 9:00 a.m. on [●] March 2025.

WARNINGS

The Pre-Conditions and the Conditions to effectiveness must be satisfied before the Merger Agreement becoming effective. The Merger Agreement becoming effective is therefore a possibility only. Further, Shareholders and potential investors in the securities of the Company should be aware that the Merger is subject to the Conditions to implementation set out in this joint announcement being satisfied or waived, as applicable. Neither the Offeror nor the Company provides any assurance that any or all Pre-Conditions or Conditions can be satisfied, and thus the Merger Agreement may or may not become effective or, if effective, may or may not be implemented or completed. Shareholders and potential investors in the securities of the Company should therefore exercise caution when dealing in the securities of the Company.

Persons who are in doubt as to the action to take and the implications arising from the Merger should consult their stockbroker, bank manager, solicitor or other professional advisers (including tax adviser regarding the tax consequences of the cancellation of the H Shares and the implementation of the Merger).

NOTICE TO U.S. HOLDERS OF SHARES

The Merger will involve the cancellation of the securities of a company incorporated in the PRC with limited liability by means of a merger by absorption provided for under the laws of the PRC. The Merger is subject to Hong Kong disclosure requirements, which are different from those of the United States. The financial information included in this joint announcement has been prepared in accordance with China Accounting Standards for Business Enterprises and thus may not be comparable to financial information of U.S. companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the United States.

The receipt of cash as consideration for the cancellation of the Shares by a U.S. holder of Shares pursuant to the Merger may be a taxable transaction for U.S. federal income tax purposes and under applicable state and local, as well as foreign and other tax laws. Each Shareholder is urged to consult his/her/its independent professional advisor immediately regarding the tax consequences of the implementation of the Merger.

U.S. holders of Shares may encounter difficulty enforcing their rights and any claims arising out of the U.S. federal securities laws, as the Offeror and the Company are located in a country outside the United States and some or all of their respective officers and directors may be residents of a country other than the United States. U.S. holders of Shares may not be able to

sue a non-U.S. company or its officers or directors in a non-U.S. court for violations of the U.S. securities laws. Further, U.S. holders of Shares may encounter difficulty compelling a non-U.S. company and its affiliates to subject themselves to a U.S. court's judgment.

In accordance with normal Hong Kong practice and pursuant to Rule 14e-5(b) of the U.S. Exchange Act, the Offeror hereby discloses that it or its affiliates, or its nominees, or their respective brokers (acting as agents) may from time to time make certain purchases of, or arrangements to purchase, Shares outside of the United States, other than pursuant to the Merger, before or during the Offer Period. In accordance with the Takeovers Code and Rule 14e-5(b) of the U.S. Exchange Act, CICC and its affiliates may continue to act as exempt principal traders in the Shares on the Stock Exchange. These purchases may occur either in the open market at prevailing prices or in private transactions at negotiated prices, provided that (i) any such purchase or arrangement complies with applicable law, including but not limited to the Takeovers Code, and is made outside the United States and (ii) the Cancellation Price is increased to match any consideration paid in any such purchase or arrangement. Any information about such purchases will be reported to the SFC in accordance with the requirements of the Takeovers Code and, to the extent made public by the SFC, will be available on the websites of the SFC at <http://www.sfc.hk> and the Stock Exchange at www.hkexnews.hk.

R3.5(a)

1. INTRODUCTION

The Offeror and the Company are pleased to jointly announce that on [●] March 2025, the Offeror and the Company entered into the Merger Agreement, pursuant to which the Offeror and the Company will implement the Merger subject to the terms and conditions of the Merger Agreement, including the Pre-Conditions and the Conditions. After the Merger, the Company will be merged into and absorbed by the Offeror in accordance with the PRC Company Law and other applicable PRC Laws.

2. PROPOSED TRANSACTION⁴

Pursuant to the Merger Agreement, conditional upon the fulfilment (or waiver, as applicable) of the Pre-Conditions and the Conditions, the Offeror will pay the Cancellation Price in the amount of (a) HK\$2.0 per H Share to the H Shareholders for the cancellation of the H Shares and (b) RMB[●] per Domestic Share, which is equivalent to the Cancellation Price of each H Share based on the Exchange Rate, to the Domestic Shareholders for the cancellation of the Domestic Shares, other than Falcon Holding (being the parent company of the Offeror) and Platinum Peony (being a party acting in concert with the Offeror) as described in the section headed “3. *PRINCIPAL TERMS OF THE MERGER AGREEMENT*” below.

The amount of aggregate Cancellation Price required to be paid by the Offeror to cancel (i) the H Shares held by the H Shareholders and (ii) the Domestic Shares held by the Domestic Shareholders, other than Falcon Holding and Platinum Peony (as described in the section headed “3. *PRINCIPAL TERMS OF THE MERGER AGREEMENT*” below), is HK\$488,806,990 and approximately RMB[●], respectively.

As at the date of this joint announcement, there are no outstanding dividends which have been declared by the Company and not yet paid. If, after the date of this joint

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⁴ **Note to Draft:** Subject to updates based on the final Merger Agreement.

announcement, any dividend and/or other distribution and/or other return of capital is announced, declared or paid in respect of the Shares, the Offeror reserves the right to reduce the Cancellation Price by all or any part of the gross amount or value of such dividend, distribution and/or, as the case may be, return of capital (before tax) after consultation with the Executive, in which case any reference in this joint announcement, the Composite Document or any other announcement or document to the Cancellation Price will be deemed to be a reference to the Cancellation Price as so reduced. Pursuant to the Merger Agreement, the Company has undertaken that it shall not announce, declare or pay any dividend, other distribution or other return of capital before termination of the Merger Agreement or the Delisting Date (whichever is earlier).

After the Merger, the Offeror will assume all assets, liabilities, interests, businesses, employees, contracts and all other rights and obligations of the Company and the Company will be eventually deregistered.

3. PRINCIPAL TERMS OF THE MERGER AGREEMENT⁵

R3.5(a)

The principal terms and conditions of the Merger Agreement include:

Parties	(1) The Offeror; and (2) the Company.
Overview of the Merger	Subject to the terms and conditions of the Merger Agreement, which will involve a cancellation of all the Shares and the subsequent absorption of the Company by the Offeror, the Merger will be implemented by the Offeror merging the Company by way of merger by absorption. After the Merger, the Offeror will assume all assets, liabilities, interests, businesses, employees, contracts and all other rights and obligations of the Company and the Company will be eventually deregistered.
Consideration	Pursuant to the Merger Agreement, conditional upon the fulfilment (or waiver, as applicable) of the Pre-Conditions, the Conditions to effectiveness and the Conditions to implementation set out in the paragraphs headed “ <i>Pre-Conditions to the Merger Agreement becoming effective</i> ”, “ <i>Conditions to effectiveness</i> ” and “ <i>Conditions to implementation</i> ” below, the Offeror will pay the Cancellation Price in the amount of (a) HK\$2.0 per H Share to the H Shareholders for the cancellation of the H Shares and (b) RMB[●] per Domestic Share, which is equivalent to the Cancellation Price of each H Share

⁵ **Note to Draft:** To be updated based on the draft Merger Agreement.

based on the Exchange Rate, to the Domestic Shareholders for the cancellation of the Domestic Shares, in each case other than Falcon Holding and Platinum Peony, as described below.

Pursuant to the Merger Agreement, subject to the same conditions as set out above, in consideration for the cancellation of the H Shares and the Domestic Shares held by Falcon Holding and the H Shares held by Platinum Peony, each of Falcon Holding and Platinum Peony will be issued with RMB[●] registered capital of the Offeror for each H Share or Domestic Share, which is equivalent to the Cancellation Price in RMB based on the Exchange Rate for each H Share or Domestic Share. It is contemplated that the Offeror will enter into a capital increase agreement with each of Falcon Holding and Platinum Peony to document the aforementioned arrangement after satisfaction of all of the Conditions to effectiveness.

Platinum Peony has issued a confirmation letter to the Offeror, pursuant to which Platinum Peony confirms that, subject to (i) the final offer price for the cancellation of H Shares held by Platinum Peony under the Merger being HK\$2.0 per H Share, and the registered capital of the Offeror to be issued to Platinum Peony being RMB[●], (ii) the signing of the Merger Agreement in the form attached to the confirmation letter, and (iii) there being no material deviation between the form and contents of the executed version of the Merger Agreement with the agreed form and contents of such agreement as appended to the confirmation letter, Platinum Peony agrees to be issued with RMB[●] registered capital of the Offeror for each H Share it holds, which is equivalent to the Cancellation Price in RMB based on the Exchange Rate for each H Share, in consideration for the cancellation of the H Shares it holds pursuant to the Merger Agreement.

Falcon Holding has also issued a confirmation letter to Platinum Peony, pursuant to which Falcon Holding agrees and undertakes that (i) exercising its rights as a shareholder of the Offeror, it will procure the Offeror to implement the Merger and the Rollover Arrangement in accordance with the terms set out in this joint announcement, and to comply with and perform its obligations under the Merger Agreement and, subject to the Pre-conditions and

Conditions being satisfied or waived, proceed with the transactions contemplated thereunder in accordance with the terms of the Merger Agreement; (ii) subject to the Pre-conditions and Conditions being satisfied or waived, exercising its rights as a shareholder of the Offeror, it will procure the Company to proceed with the transactions contemplated under the Merger Agreement; (iii) subject to the Rollover Arrangement being approved by the Independent H Shareholders at the EGM, (a) it will execute the Shareholders Agreement, substantially in the form appended to the confirmation letter, within two months after the Conditions have been satisfied, (b) it will approve the amended articles of association of the Offeror at the same time as the Shareholders Agreement is executed, (c) exercising its rights as a shareholder of the Offeror, it will procure the Offeror to execute the Capital Increase Agreement at the same time as the Shareholders Agreement is executed, (d) exercising its rights as a shareholder of the Offeror, it will procure the Offeror to issue to Platinum Peony RMB[●] in the registered capital of the Offeror at the same time as the signing of the Capital Increase Agreement, and (e) save with the prior written consent of Platinum Peony, there will be no material deviation between the form and contents of the definitive executed version of the Merger Agreement, the Shareholders Agreement, the Capital Increase Agreement and the amended articles of association of the Offeror from the agreed form and contents of such documents as appended to the confirmation letter; and (iv) at any time before completion of the Capital Increase Agreement, it will not take any actions which requires Platinum Peony's (or the director nominated by Platinum Peony) prior consent in the Shareholders Agreement as if the Shareholders Agreement has come into effect except for actions that are required to implement the Merger Agreement and the transactions contemplated under this joint announcement.

If, after the date of this joint announcement, any dividend and/or other distribution and/or other return of capital is announced, declared or paid in respect of the Shares, the Offeror reserves the right to reduce the Cancellation Price by all or any part of the gross amount or value of such dividend, distribution and/or, as the case may be, return of

capital (before tax) after consultation with the Executive, in which case any reference in this joint announcement, the Composite Document or any other announcement or document to the Cancellation Price will be deemed to be a reference to the Cancellation Price as so reduced.

Pre-Conditions to the Merger Agreement becoming effective

The Merger Agreement is subject to the satisfaction of the pre-conditions, being the filing, registration or approval, as applicable, with or by (a) the National Development and Reform Commission of the PRC, (b) Ministry of Commerce of the PRC, and (c) the State Administration of Foreign Exchange of the PRC, or their respective local authorities, and such other applicable governmental approvals in respect of the Merger having been obtained or completed (collectively, the “**Pre-Conditions**”). Save for the governmental approvals as mentioned above, the Offeror is not currently aware of any other applicable governmental approvals which are required in respect of the Merger.

R3.5(e)
R3.5(g)

The above Pre-Conditions are not waivable. If the Pre-Conditions are not satisfied by the Long-stop Date, the Merger Agreement will not become effective and will terminate automatically.

Upon fulfilment of the Pre-Conditions, the Offeror and the Company will post the Composite Document within seven (7) days thereof or (if applicable) prior to the date as required by the Executive in accordance with the Takeovers Code and the EGM and H Share Class Meeting will be convened pursuant to the respective notice to such meetings for the Shareholders and the Independent H Shareholders respectively, to consider and, if thought fit, approve matters including the Merger and the Rollover Arrangement (as the case may be).

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Conditions to effectiveness

After the Pre-Conditions are satisfied, the Merger Agreement shall become effective upon satisfaction of all of the following conditions (none of which is capable of being waived) (the “**Conditions to effectiveness**”):

- (1) the passing of special resolution(s) by a majority of more than two-thirds (2/3) of the votes cast by way of poll by the Shareholders present and voting in person or by proxy at the EGM to approve the Merger under the Merger

Agreement in accordance with the Articles and the PRC Laws;

- (2) the passing of special resolution(s) by way of poll approving the Merger under the Merger Agreement at the H Share Class Meeting to be convened for this purpose, provided that: (a) approval is given by at least 75% of the votes attaching to the H Shares held by the Independent H Shareholders that are cast either in person or by proxy; and (b) the number of votes cast against the resolution(s) is not more than 10% of the votes attaching to all H Shares held by the Independent H Shareholders; and
- (3) (i) the receipt of an opinion from the Independent Financial Adviser to the Independent Board Committee confirming that the Rollover Arrangement is fair and reasonable so far as the Independent H Shareholders are concerned; (ii) the passing of an ordinary resolution by the Shareholders other than the Offeror, its concert parties and any other Shareholders who are involved or interested in the Rollover Arrangement (including Falcon Holding and Platinum Peony) at the EGM to approve the Rollover Arrangement; and (iii) the grant of consent under Rule 25 of the Takeovers Code from the Executive in respect of the Rollover Arrangement.

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If the above Conditions to effectiveness are not satisfied by the Long-stop Date, the Merger Agreement will not become effective and the Merger will not proceed. Please also refer to the paragraph headed “*Termination*” below.

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Conditions to implementation

After the Merger Agreement and the Merger become effective upon satisfaction of the Pre-Conditions and all the Conditions to effectiveness, the implementation of the Merger shall be subject to the following conditions being satisfied (the “**Conditions to implementation**”, together with the Conditions to effectiveness, collectively, the “**Conditions**”):

R3.5(e)
R3.5(g)

- (1) there being no material errors or omissions in the representations, warranties or undertakings given by the Offeror in the Merger Agreement

on the Delisting Date which has a material adverse impact on the Merger;

- (2) there being no material errors or omissions in the representations, warranties or undertakings given by the Company in the Merger Agreement on the Delisting Date which has a material adverse impact on the Merger; and
- (3) there being no law, prohibition or order of any governmental authority or any judgment, decision or adjudication of any court on the Delisting Date which restricts, prohibits or terminates the Merger.

The Company shall be entitled to waive Condition (1) above and the Offeror shall be entitled to waive Condition (2) above. Condition (3) above is not capable of being waived. If the above Conditions to implementation are not satisfied or waived (as applicable) by the Long-stop Date, the Merger Agreement will terminate automatically. Please also refer to the paragraph headed “*Termination*” below.

Payment of consideration

After fulfilment (or waiver, if applicable) of the Pre-Conditions and all the Conditions (being the Conditions to effectiveness and the Conditions to implementation), the Offeror shall: (i) as soon as possible and in any event no later than seven (7) business days, (x) pay the Cancellation Price to all H Shareholders (other than Falcon Holding and Platinum Peony) and (y) issue its registered capital to Falcon Holding pursuant to the Merger Agreement for the cancellation of the H Shares and the Domestic Shares held by Falcon Holding (as described in the paragraph headed “*Consideration*” above) and (ii) as soon as possible and in any event no later than seven (7) business days or such later time as permitted by the Executive, pay the Cancellation Price to all Domestic Shareholders (other than Falcon Holding). Pursuant to the Merger Agreement, the Offeror will issue its registered capital to Platinum Peony after the Delisting Date and on a date to be separately agreed between the Offeror and Platinum Peony. As payment of the Cancellation Price to all Domestic Shareholders (other than Falcon Holding) is subject to completion of certain administrative procedures required under applicable PRC Laws, payment may not be completed within seven (7) business days after fulfilment (or waiver, if applicable) of the Pre-

Conditions and all the Conditions (being the Conditions to effectiveness and the Conditions to implementation) as required under Rule 20.1 of the Takeovers Code. Based on the above, the Offeror will apply to the Executive for a waiver from strict compliance with Rule 20.1 of the Takeovers Code in relation to the settlement of the Cancellation Price payable to all Domestic Shareholders (other than Falcon Holding) and Platinum Peony respectively.

After payment of consideration is made to the Shareholders by or on behalf of the Offeror, all rights attaching to such Shares shall cease to have effect and the relevant Shares shall be cancelled. The share certificates for the relevant Shares will cease to have effect as documents or evidence of title.

Payment of consideration to the H Shareholders (other than Falcon Holding and Platinum Peony) is deemed to be completed once the Offeror or any entity designated by it has despatched to such H Shareholders the cheques for the relevant consideration, and payment of consideration to the Domestic Shareholders (other than Falcon Holding) is deemed to be completed once the Offeror or any entity designated by it has made remittance of the relevant consideration by way of bank transfer or has despatched the cheques for the relevant consideration to such Domestic Shareholders. Payment of consideration to Falcon Holding is deemed to be completed once the Offeror has delivered to Falcon Holding the Offeror's register of members and certification of capital contribution affixed with the Offeror's official seal reflecting the Offeror's shareholding structure after the issuance of the registered capital of the Offeror to Falcon Holding in accordance with the Merger Agreement. Payment of consideration to Platinum Peony is deemed to be completed once the Offeror has (i) delivered to Platinum Peony the Offeror's register of members and certification of capital contribution affixed with the Offeror's official seal reflecting the Offeror's shareholding structure after the issuance of the registered capital of the Offeror to Platinum Peony at a date separately agreed on pursuant to the Capital Increase Agreement, (ii) completed the filing and registration procedures with the local counterpart of the State Administration of Market Regulation of the PRC with respect to the issuance of the registered capital of the Offeror to Platinum

Peony pursuant to the Capital Increase Agreement; (iii) amended the article of association of the Offeror with respect to the issuance of the registered capital of the Offeror to Platinum Peony; and (iv) the industrial and commercial registration procedures in the PRC with respect to the Company's conversion into a company held by the Offeror as its sole shareholder having been completed.

The Company's Undertakings

Unless with the prior written consent of the Offeror, the Company shall not issue any Shares, conduct any major acquisitions or disposals which may constitute a discloseable transaction under Chapter 14 of the Listing Rules, or announce, declare or pay any dividend, other distribution or other return of capital to the Shareholders from the date of the Merger Agreement to the date of termination of the Merger Agreement or the Delisting Date (whichever is earlier), except for any profit distribution plan that has been announced but not yet implemented (to be considered and approved at the relevant Shareholders' meeting(s)) or any transaction that has not yet been consummated prior to the date of this joint announcement.

As at the date of this joint announcement, the Company has not declared any dividend that has not been paid, and does not have any profit distribution plan that has been announced but not yet implemented.

Right of a Dissenting Shareholder

According to the Articles, any Dissenting Shareholder may request the Company to acquire its Shares at a "reasonable price".

If any Dissenting Shareholder exercises its right, the Offeror (if so requested by the Company) will assume the obligation which the Company may have towards such Dissenting Shareholder to acquire the Shares held by that Dissenting Shareholder at a "reasonable price".

The exercise of its right by a Dissenting Shareholder is subject to the following criteria:

- (1) such Dissenting Shareholder having validly voted against the resolutions in respect of the Merger at the EGM and (if applicable) the H Share Class Meeting;

- (2) such Dissenting Shareholder having been validly registered as a Shareholder on the share register of the Company since the record date for the EGM and (if applicable) the H Share Class Meeting, and having held such Share(s) in respect of which it intends to exercise its right until the Exercise Date; and
- (3) such Dissenting Shareholder having exercised its right during the Declaration Period.

A Shareholder is not entitled to exercise its right in respect of such Share(s) held by it if:

- (1) such Shareholder has undertaken to the Company to waive its right;
- (2) any Share held by such Shareholder is subject to pledge, other third-party rights or judicial moratorium, without having legally obtained written consent or approval from the relevant pledgee, third party or competent authority; or
- (3) such Shareholder is prohibited from exercising its right in accordance with applicable laws.

Termination

Subject to the requirements under the Takeovers Code and the requirements of the SFC and the Stock Exchange, the Merger Agreement may be terminated prior to the implementation of the Merger in any of the following circumstances:

- (1) by either the Offeror or the Company, if
 - (i) any competent governmental authority issues any order, decree, ruling or takes any other action which permanently restricts, impedes or otherwise prohibits the Merger and which is final, binding and not capable of being appealed (both the Offeror and the Company shall use reasonable endeavours to procure the withdrawal of such order, decree, ruling or action); or
 - (ii) the Conditions to effectiveness not having been satisfied and not resulting from any party's default on or before the Long-stop Date;
- (2) by the Offeror, if the Company commits a material breach of the representations,

warranties and undertakings under the Merger Agreement or any other agreement related to the Merger, which has a material impact on the Merger and such breach is not remedied by the Company within 30 days following the written notice from the Offeror; or

- (3) by the Company, if the Offeror commits a material breach of the representations, warranties and undertakings under the Merger Agreement or any other agreement related to the Merger, which has a material impact on the Merger and such breach is not remedied by the Offeror within 30 days following the written notice from the Company.

In addition, as stated in the paragraph headed “*Pre-Conditions to the Merger Agreement Becoming Effective*” above and the paragraph headed “*Conditions to implementation*” above, if (i) the Pre-Conditions are not satisfied by the Long-stop Date, or (ii) the Conditions to implementation are not satisfied or waived (as applicable) by the Long-stop Date, the Merger Agreement will terminate automatically.

As at the date of this joint announcement, none of the Pre-Conditions and the Conditions has been fulfilled or waived.

Conditional upon the fulfilment (or waiver, as applicable) of the Pre-Conditions, the Conditions to effectiveness and the Conditions to implementation set out in the paragraphs headed “*Pre-Conditions to the Merger Agreement becoming effective*”, “*Conditions to effectiveness*” and “*Conditions to implementation*” above, the Merger will be implemented. After the Merger, the Offeror will assume all assets, liabilities, interests, businesses, employees, contracts and all other rights and obligations of the Company and the Company will be eventually deregistered.

Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Offeror may only terminate the Merger Agreement in accordance with the paragraph headed “*Termination*” above as a basis for not proceeding with the Merger only if the circumstances which give rise to the right to invoke any such termination right are of material significance to the Offeror in the context of the Merger.

4. CANCELLATION PRICE

Comparisons of value

The Cancellation Price is HK\$2.0 per H Share and RMB[●] per Domestic Share (equivalent to the Cancellation Price of HK\$2.0 per H Share based on the Exchange Rate). The Cancellation Price per H Share represents:

- (a) premium of approximately 33.3% over the closing price per H Share of HK\$1.5 on the Stock Exchange on the Last Trading Date;
- (b) a [premium/discount] of approximately [●]% [over/to] the average closing price of HK\$[●] per H Share based on the daily closing prices of H Shares as quoted on the Stock Exchange for the [●] consecutive trading days immediately prior to and including the Last Trading Date; and
- (c) a [premium/discount] of approximately [●]% [over/to] the audited consolidated net asset value attributable to Shareholders of approximately RMB2.1 (equivalent to approximately HK\$2.3) per Share as at 31 December 2024 (calculated based on (i) the audited consolidated net asset value attributable to the Shareholders as stated in the 2024 annual results of the Company published on 28 March 2025; (ii) 1,583,348,000 Shares in issue as at the date of this joint announcement; and (iii) the exchange rate of HK\$1:RMB0.92604, being the median exchange rate on 31 December 2024 as announced by the People's Bank of China).

The Cancellation Price will not be increased and the Offeror does not reserve the right to do so. Shareholders and potential investors should be aware that, following the making of this statement, the Offeror will not be allowed to increase the Cancellation Price.

The Offeror reserves the right to introduce another manner to settle the Cancellation Price as follows:

The Offeror reserves its right to offer to all Shareholders (other than Falcon Holding and Platinum Peony) an alternative to cash settlement (the “Potential Share Alternative Offer”) of the Cancellation Price, through which such Shareholders may acquire the Potential Rollover Securities at an exchange ratio to be specified, provided that the total number of securities in the Company subject to the Potential Share Alternative Offer shall not exceed 5% of the total number of issued Shares in the Company as at the date of this joint announcement (i.e. 79,167,400 Shares) and in the event such Shareholders holding more than 5% of the Company’s issued Shares have indicated interest to take the Potential Share Alternative Offer, a proportional entitlement arrangement will be implemented, with the details of which to be announced by the Offeror in due course.

The Potential Share Alternative Offer is at the Offeror’s sole discretion and is subject to the pre-condition of receiving on or between the date of this joint announcement and 4:00 p.m. on [●] 2025 duly signed and dated letters of interest from intending Shareholders (other than Falcon Holding and Platinum Peony) holding, in aggregate, not less than 0.5% of the total number of issued Shares as at the date of this joint announcement (i.e. 7,916,740 Shares), expressing their indicative interest to elect Potential Share Alternative Offer. Should this pre-condition be met, and the Offeror exercises its discretion to make the Potential Share Alternative Offer, a new announcement under Rule 3.5 of the Takeovers Code will be made. Further details of the Potential Share Alternative Offer, if made by the Offeror, will be set out in the new announcement as referred to above.

For the avoidance of doubt, this represents the Offeror’s reservation of rights under Note 4 to Rule 18 of the Takeovers Code to introduce another form of consideration if the above pre-condition is met, and the Potential Share Alternative Offer may or may not be made. The Offeror will decide whether to exercise its discretion to make the Potential Share Alternative Offer as soon as reasonably practicable and in any event within two months after the above pre-condition is met.

Duly signed and dated letters of interest to indicate interest to elect the Potential Share Alternative Offer shall be delivered to the following address and follow the instructions below:

Attention:	Mr. Lu Wei and Mr. Zhu Lingjie
Quote subject:	Letter of interest in respect of Potential Share Alternative Offer
Address:	65th Floor, Tower 1, Plaza 66, 1266 Nanjing Road West, Shanghai, China. Postal Code 200040 or 33/F, Three Pacific Place, 1 Queen’s Road East, Hong Kong
Required content:	Please duly sign and date your letter of interest which, in order to be valid, shall include (i) whether you hold H Shares or Domestic Shares, together with evidence thereof; (ii) number of Shares held by you, together with evidence thereof; (iii) nature of your shareholding (i.e. whether as registered holder or (in the case of H Shareholders) through an exchange participant with H Shares deposited in CCASS), together with evidence thereof and details of your relevant exchange participant(s) if applicable; and (iv) your reachable contact information
Latest date of delivery:	4:00 p.m. (Hong Kong time) on [●] ⁶ 2025; for the avoidance of doubt, letters of interest received by the Offeror after such time will not be taken into account

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For the avoidance of doubt: (i) letters of interest that are not duly signed, dated, or missing any of the required contents specified above will not be taken into account by the Offeror; and (ii) should the Offeror decide to proceed with the Potential Share Alternative Offer, whether a Shareholder has, or has not, indicated his/her/its intention as per the above will not affect his/her/its right to choose or not choose to accept the Potential Share Alternative Offer.

⁶ **Note to Draft:** To insert date that is 1 month from date of this joint announcement.

Highest and lowest prices

During the six-month period immediately up to and including the Last Trading Date, the highest closing price of the H Shares as quoted on the Stock Exchange was HK\$[●] on [●] and the lowest closing price of the H Shares as quoted on the Stock Exchange was HK\$[●] on [●].

Funding for the Merger

On the basis of (i) the Cancellation Price of HK\$2.0 per H Share and RMB[●] per Domestic Share (equivalent to the Cancellation Price of HK\$2.0 per H Share based on the Exchange Rate), (ii) 538,348,000 H Shares and 1,045,000,000 Domestic Shares in issue as at the date of this joint announcement, and (iii) the Cancellation Price (x) for 137,265,505 H Shares and 992,854,500 Domestic Shares held directly by Falcon Holding and (y) for 156,679,000 H Shares held directly by Platinum Peony to be satisfied through the issuance of the registered capital of the Offeror as described in the section headed “3. *PRINCIPAL TERMS OF THE MERGER AGREEMENT*” above, the amount of aggregate Cancellation Price required to be paid by the Offeror to cancel (i) the H Shares held by the H Shareholders and (ii) the Domestic Shares held by the Domestic Shareholders, other than Falcon Holding and Platinum Peony, is HK\$488,806,990 and approximately RMB[●], respectively.

Falcon Holding has undertaken with the Offeror to pay on its behalf the total consideration for cancellation of the H Shares, and the Offeror will pay the total consideration for cancellation of the Domestic Shares with financial resources made available by Falcon Holding. Falcon Holding has obtained binding equity commitment letter from PAG Fund IV, pursuant to which PAG Fund IV has irrevocably committed to make one or more direct or indirect capital contributions in cash to Falcon Holding for its use solely for the purpose of the Merger. It is contemplated that PAG Fund IV, as the key limited partner of Falcon Holding, will provide the aforementioned equity commitment as bridge financing for efficiency purpose, and the allocation amongst the limited partners of Falcon Holding will be arranged subsequently.

[The Offeror has appointed CICC as its financial adviser in respect of the Merger. CICC, being the financial adviser to the Offeror, is satisfied that sufficient financial resources are available to the Offeror for the satisfaction of the Offeror’s obligations in respect of the full implementation of the Merger (excluding the consideration payable to Falcon Holding and Platinum Peony in the form of registered capital of the Offeror).]

5. SPECIAL DEAL RELATING TO ROLLOVER ARRANGEMENT

The Offeror would like to allow Platinum Peony to retain its shareholding in the Company after the Merger by way of the Rollover Arrangement. As at the date of this joint announcement, Platinum Peony holds 156,679,000 H Shares, representing approximately 29.10% of the H Shares and approximately 9.90% of the total issued share capital of the Company.

Platinum Peony is a restricted scope company incorporated under the laws and regulations of the Abu Dhabi Global Market (in the Emirate of Abu Dhabi, United Arab Emirates), and is indirectly wholly owned by the Abu Dhabi Investment Authority. The principal business activity of Platinum Peony is investment holding.

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The Offeror is of the view that it is important for the Company to retain Platinum Peony after the Merger, which will enhance the Group's competitiveness in the market and benefit the Group's long-term sustainable development and growth.

To document the Rollover Arrangement, Platinum Peony has issued a confirmation letter to the Offeror, pursuant to which Platinum Peony confirms that, subject to (i) the final offer price for the cancellation of H Shares held by Platinum Peony under the Merger being HK\$2.0 per H Share, and the registered capital of the Offeror to be issued to Platinum Peony being RMB[●], (ii) the signing of the Merger Agreement in the form attached to the confirmation letter, and (iii) there being no material deviation between the form and contents of the executed version of the Merger Agreement with the agreed form and contents of such agreement as appended to the confirmation letter, Platinum Peony agrees to be issued with RMB[●] registered capital of the Offeror for each H Share it holds, which is equivalent to the Cancellation Price in RMB based on the Exchange Rate for each H Share, in consideration for the cancellation of the H Shares it holds pursuant to the Merger Agreement.

In connection with the Rollover Arrangement, it is contemplated that the Offeror and Platinum Peony will enter into the Capital Increase Agreement after satisfaction of all of the Conditions to effectiveness. In consideration for the cancellation of the H Shares held by Platinum Peony, Platinum Peony will be issued with RMB[●] registered capital of the Offeror for each H Share, which is equivalent to the Cancellation Price in RMB based on the Exchange Rate for each H Share. It is also contemplated that Falcon Holding and Platinum Peony will enter into the Shareholders Agreement on or around the same time as the signing of the Capital Increase Agreement. A summary of the key terms of the Shareholders Agreement is set out below:

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- (a) **Voting rights.** Shareholders of the Offeror shall exercise their voting rights proportionate to their respective actual contributions to the registered capital of the Offeror.
- (b) **Board composition.** The board of the Offeror shall comprise three directors, among which Falcon Holding shall have the right to nominate two directors (including the chairman of the board) and Platinum Peony shall have the right to nominate one director.
- (c) **Transfer restrictions.** Except with the prior written consent of Falcon Holding, Platinum Peony shall not transfer its equity interest in the Offeror to third parties that are within the scope of certain prescribed restricted persons, including, among other things, competitors of the Offeror and its affiliates, or persons that are subject to sanctions by any government. Platinum Peony's transfer of its equity interest in the Offeror to its affiliates (other than those within the scope of certain prescribed restricted persons) is not subject to the prior written consent of Falcon Holding.
- (d) **Drag along and tag along.** Under certain prescribed circumstances, a change of control in the Offeror is subject to Platinum Peony's consent. Subject to the foregoing, Falcon Holding shall have drag-along rights in case of a change of control transaction. The other shareholder(s) of the Offeror including Platinum Peony shall have tag-along rights in case of Falcon Holding's transfer of any equity interest in the Offeror.

As the Rollover Arrangement is not offered to all Shareholders (as the Potential Share Alternative Offer may or may not be made), the Rollover Arrangement constitutes a special deal and requires the consent of the Executive under Rule 25 of the Takeovers Code. The Offeror will (before the despatch of the Composite Document) make an application for consent from the Executive to the Rollover Arrangement conditional on: (i) the Independent Financial Adviser to the Independent Board Committee confirming that the Rollover Arrangement is fair and reasonable so far as the Independent H Shareholders are concerned; and (ii) the passing of an ordinary resolution by the Shareholders other than the Offeror, its concert parties and any other Shareholders who are involved or interested in the Rollover Arrangement (including Falcon Holding and Platinum Peony) at the EGM to approve the Rollover Arrangement. Accordingly, as set out in the paragraph headed “*Conditions to effectiveness*” above, the Merger Agreement shall become effective subject to, among other things, (i) the receipt of an opinion from the Independent Financial Adviser to the Independent Board Committee confirming that the Rollover Arrangement is fair and reasonable so far as the Independent H Shareholders are concerned; (ii) the passing of an ordinary resolution by the Shareholders other than the Offeror, its concert parties and any other Shareholders who are involved or interested in the Rollover Arrangement (including Falcon Holding and Platinum Peony) at the EGM to approve the Rollover Arrangement; and (iii) the grant of consent under Rule 25 of the Takeovers Code from the Executive in respect of the Rollover Arrangement. Platinum Peony is considered to be acting in concert with the Offeror, and is therefore not an Independent H Shareholder and will not be voting on the Merger or the Rollover Arrangement at the EGM or the H Share Class Meeting (as the case may be).

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6. [IRREVOCABLE UNDERTAKING BY [●]]⁷

On [●] March 2025, the Offeror obtained an irrevocable undertaking from [●], which holds [●] H Shares as at the date of this joint announcement (representing approximately [●]% of the H Shares held by the Independent H Shareholders, approximately [●]% of the H Shares and approximately [●]% of the total issued share capital of the Company as at the date of this joint announcement).

Pursuant to the Irrevocable Undertaking, [●] has irrevocably undertaken to the Offeror:

- (i) to exercise or procure the exercise of the voting rights attached to all of (a) the Shares owned by it, (b) any other Share which it may acquire on or after the date of the Irrevocable Undertaking, and (c) any other Shares attributable to or derived from the Shares referred to in (a) and (b) (including, without limitation, any scrip dividend) ((a) to (c) collectively, the “**IU Shares**”) to vote in favour of the resolutions at the EGM and the H Share Class Meeting to approve the Merger and the Rollover Arrangement (as applicable), in accordance with the terms and subject to the conditions to be set out in the Composite Document;
- (ii) not to, and to procure that the relevant registered holder of the IU Shares not to, on or before the date of completion of the Merger, and other than in connection with the Merger or unless otherwise specified under the Irrevocable Undertaking, sell, transfer, charge, encumber, create or grant any option or lien

⁷ **Note to Draft:** To include depending on discussion with (subject to the SFC’s consent and approval) disinterested Shareholders.

over or otherwise dispose of (or permit any such action to occur in respect of) all or any of the IU Shares or any interest therein; and

- (iii) not to make any offer to acquire the whole or any part of the issued share capital of the Company nor permit any company in which it, directly or indirectly, has any interest to make such an offer.

The Irrevocable Undertaking shall terminate immediately if the Merger Agreement does not become effective or is terminated pursuant to its terms.]

7. REASONS AND BENEFITS OF THE MERGER

The reasons and benefits of the Merger include:

- (1) **An excellent exit opportunity for H Shareholders to realise their investment with an attractive premium.**

The Cancellation Price represents a premium over the market price of H Shares of the Company as disclosed in paragraph headed “*Comparisons of value*” in the section headed “4. CANCELLATION PRICE” above. The long-term low trading volume and liquidity also makes it very difficult for the H Shareholders to realise their H Shares holdings through secondary market transactions on a large scale at ideal prices. Therefore, the Merger, if implemented, could provide the H Shareholders a valuable opportunity to immediately realise their investments in the Company with an attractive premium of approximately 62.60% over the average closing price of HK\$1.23 per H Share based on the daily closing prices of H Shares as quoted on the Stock Exchange for the 90 consecutive trading days immediately prior to and including the Last Trading Date, and reallocate the proceeds from the disposal of the H Shares to alternative investment opportunities with more liquidity.

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- (2) **The Company has lost its advantage as a listed platform and has limited equity fund-raising ability.**

As the price of the H Shares has been in a downward trend since 2021 with sluggish trading volume for most of the time and the trading of the H Shares was suspended from 2 February 2023 to 30 July 2024 due to insufficient public float of the Company, the ability of the Company to raise any funds from the equity market is significantly limited.

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In addition, the Company has to incur administrative, compliance and other listing related costs and expenses for maintaining the listing status. After the completion of the Merger, the H Shares will be delisted from the Stock Exchange, which may benefit the Company from savings in costs related to the compliance and maintenance of the listing status of the Company.

- (3) **The Merger will be beneficial to the long-term development of the Company.**

The Company are facing great challenges and uncertainties in future operations due to the continued volatility of the international situation and the underperformance of the domestic consumer markets. In order to maintain

competitive in the market, the Company needs to implement strategic initiatives which may affect short-term financial performance and may cause losses to the H Shareholders. After the completion of the Merger, the Company will have more long-term strategic options with greater flexibility and avoid the pressure from market expectations and stock price fluctuations as a listed company.

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[The Board (other than members of the Independent Board Committee, whose views will be given after receiving the opinion of the Independent Financial Adviser) is of the view that the terms of the Merger are fair and reasonable and in the interests of the Company and its Shareholders as a whole.]

8. INFORMATION ON THE OFFEROR AND THE COMPANY

(1) Information on the Offeror

The Offeror is a company incorporated in the PRC with limited liability on 23 November 2022, and is an investment holding company.

R3.5(b)

The Offeror is wholly-owned by Falcon Holding, a limited partnership formed in Cayman Islands and principally engaged in investment holding services.

The general partner of Falcon Holding is Falcon Holding GP Limited, being a company directly wholly-owned by PAG Capital Limited. As at the date of this joint announcement, the largest limited partner of Falcon Holding is PAG Fund IV. The general partner of PAG Fund IV is PAG Asia Capital GP IV Limited, being a company directly wholly-owned by PAG Capital Limited. PAG Capital Limited is wholly-owned by Pacific Alliance Group Limited, which is in turn wholly-owned by PAG.

PAG is a leading Asia-Pacific-focused alternative investment firm with three core businesses: Real Assets, Credit & Markets and Private Equity. It manages over US\$55 billion in capital on behalf of nearly 300 global institutional investors. The firm has over 790 staff across 15 key offices globally. PAG Private Equity manages four pan-Asian buyout funds and two growth funds with US\$19 billion of capital under management.

(2) Information on the Company

The Company is a joint stock company incorporated in the PRC with limited liability. The Company is a white-feathered broiler meat exporter and retail enterprise of chicken meat food in China. The Company produces and sells processed chicken meat products and raw chicken meat products mainly from white-feathered broilers. The main products include (i) processed chicken meat products; (ii) raw chicken meat products; (iii) chicken breeds; and (iv) others.

Set out below is the financial information of the Company for the three financial years ended 31 December 2022, 2023 and 2024 prepared in accordance with the China Accounting Standards for Business Enterprises:

Financial year ended 31 December		
2022	2023	2024

	RMB'000 (audited) (restated)	RMB'000 (audited)	RMB'000 (audited)
Revenue	5,085,790	5,134,413	5,504,651
Total profit (loss)	(768,257)	163,945	258,216
Net profit (loss)	(768,993)	160,319	280,867
Adjusted net profit ^(Note 1)	39,242	160,319	198,048

Note:

- For the financial year ended 31 December 2022, the adjusted net profit represents the net profit after deducting monetary fund receivables bad debt loss arising from the recognition of an one-off and non-recurring impairment loss on the deposits due from GMK Finance Co., Ltd. and such figure has been restated in the financial year ended 31 December 2023. For the financial year ended 31 December 2024, the adjusted net profit represents the net profit after deducting the reversal of monetary fund receivables bad debt and the corresponding tax and interests arising from the liquidation of GMK Finance Co., Ltd.. No adjustments were made to the net profit recorded for the financial year ended 31 December 2023.

(3) Shareholding in the Company

As at the date of this joint announcement, the Company has 1,583,348,000 Shares in issue, which comprise 538,348,000 H Shares and 1,045,000,000 Domestic Shares.

Set out below is the shareholding in the Company as at the date of this joint announcement:

Shareholders	Number of H Shares interested	Approximate % of the H Shares in issue	Number of Domestic Shares interested	Approximate % of the Domestic Shares in issue	Number of Shares interested	Approximate % of the Shares in issue	
The Offeror and its concert parties							
The Offeror	—	—	—	—	—	—	
Falcon Holding	137,265,505	25.50%	992,854,500	95.01%	1,130,120,005	71.38%	
Platinum Peony	156,679,000	29.10%	—	—	156,679,000	9.90%	
Sub-total	293,944,505	54.60%	992,854,500	95.01%	1,286,799,005	81.27%	
Independent H Shareholders							
Xiao Dongsheng ^(Notes 1,4)	2,244,000	0.42%	—	—	2,244,000	0.14%	
Shi Lei ^(Notes 2,4)	957,332	0.18%	—	—	957,332	0.06%	
Zhou Jinying ^(Notes 3)	3,311,300	0.62%	—	—	3,311,300	0.21%	SFC0320Q21
Wang Zhixian ^(Notes 3, 4)	313,400	0.06%	—	—	313,400	0.02%	
Meng Tao ^(Notes 3, 4)	563,800	0.10%	—	—	563,800	0.04%	SFC0325Q11
2021 SAS Trustee ^(Note 4)	1,517,368	0.28%	—	—	1,517,368	0.10%	
2023 SAS Trustee ^(Note 4)	14,272,968	2.65%	—	—	14,272,968	0.90%	
Other Independent H Shareholders	221,223,327	41.09%	—	—	221,223,327	13.97%	
Sub-total	244,403,495	45.40%	—	—	244,403,495	15.44%	

Other Domestic Shareholders	–	–	52,145,500	4.99%	52,145,500	3.29%
Total number of Shares in issue	538,348,000	100.00%	1,045,000,000	100.00%	1,583,348,000	100.00%

Notes:

1. *Mr. Xiao Dongsheng is an executive Director and the general manager of the Company.*
2. *Mr. Shi Lei is an executive Director, a vice general manager, the chief financial officer, the secretary to the Board and the company secretary of the Company.*
3. *Each of Ms. Zhou Jinying, Mr. Wang Zhixian and Mr. Meng Tao is a vice general manager of the Company.*
4. *For further details, please refer to the paragraph headed “2021 Share Award Scheme and 2023 Share Award Scheme” below. As at the date of this joint announcement, there are 1,517,368 outstanding share awards (representing approximately 0.10% of the total issued share capital of the Company) granted under the 2021 Share Award Scheme and 2,907,368 outstanding share awards (representing approximately 0.18% of the total issued share capital of the Company) granted under the 2023 Share Award Scheme (the “**Outstanding Share Awards**”), among which Mr. Xiao Dongsheng, Mr. Shi Lei and Mr. Wang Zhixian have been granted 972,000, 428,668 and 116,700 unvested awarded shares (representing approximately 0.06%, 0.03% and 0.01% of the total issued share capital of the Company) under the 2021 Share Award Scheme respectively while Mr. Meng Tao has been granted 194,400 unvested awarded Shares (representing approximately 0.01% of the total issued share capital of the Company) under the 2023 Share Award Scheme. Other than the above, there are no outstanding share awards granted to such mentioned persons under the 2021 Share Award Scheme and the 2023 Share Award Scheme as at the date of this joint announcement.*
5. *CICC is the financial adviser to the Offeror in respect of the Merger. Accordingly, CICC and members of the CICC group are presumed to be acting in concert with the Offeror in respect of shareholdings of the CICC group in the Company in accordance with class (5) of the definition of “acting in concert” under the Takeovers Code (except in respect of the Shares held by members of the CICC group which are exempt principal traders or exempt fund managers, in each case recognised by the Executive as such for the purposes of the Takeovers Code). Members of the CICC group which are exempt principal traders and exempt fund managers which are connected for the sole reason that they control, are controlled by or are under the same control as CICC are not presumed to be acting in concert with the Offeror.*

Details of holdings, borrowings or lendings of, and dealings in, the Shares or any other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company held by or entered into by members of the CICC group (except in respect of Shares held by exempt principal traders or exempt fund managers), if any, will be obtained as soon as possible after the date of this joint announcement in accordance with Note 1 to Rule 3.5 of the Takeovers Code. A further announcement will be made by the Offeror and the Company if the holdings of, borrowings, lendings, or dealings of the members of the CICC group are significant and in any event, such information will be disclosed in the Composite Document. The statements in this joint announcement as to the holdings, borrowings or lendings of, or dealings in, the Shares or any other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company by persons acting in concert with the Offeror are subject to the holdings, borrowings, lendings, or dealings (if any) of members of the CICC group presumed to be acting in concert with the Offeror. Any dealing in the relevant securities of the Company by the CICC group (excluding dealings by the CICC group members who are exempt principal traders or exempt fund managers or dealings by the CICC group members for the account of non-discretionary investment clients of the CICC group) during the six months prior to the date of this joint announcement to the latest practicable date prior to the despatch of the Composite Document will be disclosed in the Composite Document and pursuant to Rule 22 of the Takeovers Code.

Shares held by any member of the CICC group acting in the capacity of an exempt principal trader connected with the Offeror or the Company shall not be voted on the Merger at the H Share Class Meeting in accordance with the requirement of Rule 35.4 of the Takeovers Code, and the Shares held by any member of the CICC group in the capacity of an exempt principal trader for and on behalf of non-discretionary investment clients (that are not the Offeror or any person who is acting in concert with the Offeror) shall not be voted on the Merger at the H Share Class Meeting unless otherwise confirmed with the Executive. Shares held by such exempt principal traders may, subject to consent of the Executive, be allowed to be voted on the Merger at the H Share Class Meeting if (i) the relevant connected exempt principal trader holds the Shares as a simple custodian for and on behalf of non-discretionary clients; and (ii) there are contractual arrangements in place between the relevant connected exempt principal trader and its clients that strictly prohibit the relevant connected exempt principal trader from exercising any voting discretion over the relevant Shares, and all voting instructions originate from the client only (if no instructions are given, then no votes shall be cast for the relevant Shares held by the relevant connected exempt principal trader).

6. *The percentage figures are subject to rounding adjustments and may not add up to 100%.*

As at the date of this joint announcement, the Offeror does not own any Share. Falcon Holding, which directly and beneficially owns the entire equity interest of the Offeror, directly holds (i) 137,265,505 H Shares, representing approximately 25.50% of the total issued H Shares and approximately 8.67% of the total issued share capital of the Company, and (ii) 992,854,500 Domestic Shares, representing approximately 95.01% of the total issued Domestic Shares and approximately 62.71% of the total issued share capital of the Company. As at the date of this joint announcement, Platinum Peony, a party acting in concert with the Offeror, directly holds 156,679,000 H Shares, representing approximately 29.10% of the total issued H Shares and approximately 9.90% of the total issued share capital of the Company.

As at the date of this joint announcement, save for the Shares and the Outstanding Share Awards, the Company does not have any outstanding options, warrants, convertible securities or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in issue.

(4) 2021 Share Award Scheme and 2023 Share Award Scheme

The Company has adopted the 2021 Share Award Scheme and the 2023 Share Award Scheme to recognise the contributions by, and to incentivise, the personnel of the Company and its subsidiaries.

As at the date of this joint announcement, there are 1,517,368 Outstanding Share Awards (representing approximately 0.10% of the total issued share capital of the Company) granted under the 2021 Share Award Scheme, and there are 2,907,368 Outstanding Share Awards (representing approximately 0.18% of the total issued share capital of the Company) granted under the 2023 Share Award Scheme. As at the date of this joint announcement:

- (i) the 2021 SAS Trustee holds 1,517,368 H Shares (representing approximately 0.28% of all the issued H Shares and approximately 0.10% of all the total issued share capital of the Company) for the purposes of satisfying the share awards under the 2021 Share Award Scheme; and

- (ii) the 2023 SAS Trustee holds 14,272,968 H Shares (representing approximately 2.65% of all the issued H Shares and approximately 0.90% of all the total issued share capital of the Company) for the purposes of satisfying the share awards under the 2023 Share Award Scheme.

The Company confirms that no further share awards will be made or granted under the 2021 Share Award Scheme or the 2023 Share Award Scheme and neither the 2021 SAS Trustee nor the 2023 SAS Trustee will acquire any further Shares from the date of this joint announcement up to and including the date of the earlier of completion or termination of the Merger.

[None of the 2021 SAS Trustee, the 2023 SAS Trustee or the grantees under the 2021 Share Award Scheme and/or the 2023 Share Award Scheme is regarded as acting in concert with the Offeror.]⁸

Conditional upon the Merger Agreement becoming effective, the Offeror shall pay to each of the 2021 SAS Trustee and the 2023 SAS Trustee an amount equivalent to the Cancellation Price multiplied by the number of the H Shares held by the 2021 SAS Trustee and the 2023 SAS Trustee under the respective trusts for the 2021 Share Award Scheme and the 2023 Share Award Scheme, which:

- (i) for the amount which corresponds to the Awarded H Shares which are not yet vested (or vested but not yet transferred), shall be held on trust by each of the 2021 SAS Trustee and the 2023 SAS Trustee for the relevant holders of Awarded H Shares and shall be payable by each of the 2021 SAS Trustee and the 2023 SAS Trustee to such holders of Awarded H Shares on the vesting date(s) of the respective Awarded H Shares; and
- (ii) for the amount which corresponds to the H Shares held by each of the 2021 SAS Trustee and the 2023 SAS Trustee that are unutilised under the 2021 Share Award Scheme and the 2023 Share Award Scheme, shall be paid by the 2021 SAS Trustee and/or the 2023 SAS Trustee to the Company after each of the 2021 SAS Trustee and the 2023 SAS Trustee receives such amount from the Offeror under the Merger and upon the termination of the 2021 Share Award Scheme and the 2023 Share Award Scheme.

Pursuant to the rules of the 2021 Share Award Scheme and the 2023 Share Award Scheme, each of the 2021 SAS Trustee and the 2023 SAS Trustee (i) shall have no voting rights in respect of any Awarded H Shares which are not yet vested (or vested but not yet transferred), and (ii) shall not exercise the voting rights attached to the H Shares held by it under the respective trusts for the 2021 Share Award Scheme and the 2023 Share Award Scheme. Accordingly, all of the H Shares held by the 2021 SAS Trustee and the 2023 SAS Trustee will not be voted at the EGM and the H Share Class Meeting.

⁸ **Note to Draft:** Subject to the SFC's confirmation on whether Futu Trustee are concert parties of the Offeror.

As at the date of this joint announcement, there are 1,517,368 and 2,907,368 Outstanding Share Awards under the 2021 Share Award Scheme and 2023 Share Award Scheme, respectively, all of which are unvested and shall be vested on 30 June 2025. If any Outstanding Share Awards are vested and the corresponding H Shares are transferred by the 2021 SAS Trustee and/or the 2023 SAS Trustee to the relevant holder(s) of the Outstanding Share Awards prior to the record date for the purpose of determining the entitlement of the Shareholders to attend and vote at the EGM and the entitlement of the H Shareholders to attend and vote at the H Share Class Meeting, any such H Shares may be voted at the EGM or the H Share Class Meeting, provided that (i) only the votes cast by Independent H Shareholders shall be taken into account in determining whether Condition to effectiveness 2 as set out in the paragraph headed “*Conditions to effectiveness*” above are satisfied, and (ii) only the votes cast by Shareholders other than the Offeror, its concert parties and any other Shareholders who are involved or interested in the Rollover Arrangement (including Falcon Holding and Platinum Peony) shall be taken into account in determining whether Condition to effectiveness 3 as set out in the paragraph headed “*Conditions to effectiveness*” above are satisfied.

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As at the date of this joint announcement, no decision or agreement has been made by or between the Offeror and/or the Company in respect of any actions to be taken in relation to the 2021 Share Award Scheme and/or the 2023 Share Award Scheme. Accordingly, subject to any further decision or agreement to be made by or between the Offeror and/or the Company and compliance with the rules of the 2021 Share Award Scheme or the 2023 Share Award Scheme, share awards which have been granted under the 2021 Share Award Scheme and the 2023 Share Award Scheme but remain unvested as at the date of this joint announcement are expected to continue to vest in accordance with their original vesting schedules as determined in accordance with the rules of such schemes. In the event that any decision or agreement is made in respect of any actions to be taken in relation to the 2021 Share Award Scheme and/or the 2023 Share Award Scheme, further announcement(s) will be made if and when appropriate in accordance with the Takeovers Code and/or the Listing Rules.

(5) Rights and interests in the securities of the Offeror and Shares and respective derivatives

As at the date of this joint announcement:

- (i) save as disclosed in paragraph headed “*Shareholding in the Company*” in this section above, there is no existing holding of voting rights or rights over the Shares which the Offeror owns or over which it has control or direction;
- (ii) save as disclosed in paragraph headed “*Shareholding in the Company*” in this section above, there is no existing holding of voting rights or rights over the Shares which is owned or controlled or directed by any person acting in concert with the Offeror (excluding Shares held on behalf of non-discretionary investment clients of the CICC group);

R3.5(c)(i)

R3.5(c)(ii)

(iii)	[save for the Shares that are subject to the Irrevocable Undertaking,]there is no existing holding of voting rights or rights over the Shares in respect of which the Offeror or any person acting in concert with it has received an irrevocable commitment in relation to the exercise of such voting rights;	R3.5(c)(iii) SFC0325Q13
(iv)	there is no existing holding of voting rights or rights over the Shares in respect of which the Offeror or any person acting in concert with it (excluding Shares held on behalf of non-discretionary investment clients of the CICC group) holds convertible securities, warrants or options;	R3.5(c)(iv)
(v)	there is no outstanding derivative in respect of securities in the Company entered into by the Offeror or any person acting in concert with it (except for those which are exempt principal traders or exempt fund managers, in each case recognised by the Executive as such for the purposes of the Takeovers Code);	R3.5(d)
(vi)	save for the Merger Agreement[, the Irrevocable Undertaking] and the transactions contemplated respectively thereunder, there is no arrangement (whether by way of option, indemnity or otherwise) in relation to the securities of the Offeror or the Shares and which might be material to the Merger;	R3.5(f)
(vii)	there is no agreement or arrangement (other than the Merger Agreement and the transactions contemplated thereunder) to which the Offeror is a party which relates to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or condition of the Merger;	R3.5(g)
(viii)	there are no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror, or any person acting in concert with it has borrowed or lent;	R3.5(h)
(ix)	there is no other consideration, compensation or benefit in any form paid or to be paid by the Offeror and any person acting in concert with it in relation to the Merger, other than the Cancellation Price and the issuance of the Offeror's registered capital; and	R3.5(i)
(x)	save for the confirmation letter issued by Platinum Peony to the Offeror and the confirmation letter issued by Falcon Holding to Platinum Peony, in each case as disclosed in the section headed "3. <i>PRINCIPAL TERMS OF THE MERGER AGREEMENT</i> " in this joint announcement and the Rollover Arrangement (including the Capital Increase Agreement and the Shareholders Agreement as disclosed in the section headed "5. <i>SPECIAL DEAL RELATING TO ROLLOVER ARRANGEMENT</i> " in this joint announcement), there is no understanding, arrangement or agreement or special deal (as defined under Rule 25 of the Takeovers Code) between (i) any Shareholder; and (ii) (a) the Offeror and any person acting in concert with it or (b) the Company, its subsidiaries or associated companies.	R3.5(j)

None of the Offeror and parties acting in concert with it had dealt for value in the Shares or any other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) during the period beginning six months prior to the date of this joint announcement and up to and including the date of this joint announcement (excluding dealings by members of the CICC group for the account of non-discretionary investment clients of the CICC group).

9. BOARD APPROVAL, INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Board approved the Merger and its related matters at its board meeting on [●] March 2025.

The Board has established the Independent Board Committee, consisting of all of the independent non-executive Directors, being Ms. Wang Anyi, Ms. Zhao Yinglin and Mr. Chung Wai Man. Each of Mr. Qiu Zhongwei, Mr. Lu Wei, Mr. Zhu Lingjie and Ms. Zhou Ruijia is a non-executive Director and is not a member of the Independent Board Committee as each is an employee of PAG and/or its subsidiaries, and Mr. Zhu Lingjie is also the sole director of the Offeror. The Independent Board Committee will advise the Independent H Shareholders as to: (a) whether the Merger and the Rollover Arrangement are fair and reasonable for the purpose of the Takeovers Code; and (b) voting at the EGM and the H Share Class Meeting.

SFC0325Q14

The Independent Financial Adviser will be appointed by the Company with the approval from the Independent Board Committee to provide advice to the Independent Board Committee in respect of the Merger and the Rollover Arrangement. An announcement will be made by the Company as soon as possible after the appointment of such Independent Financial Adviser. The Independent Board Committee is evaluating the Merger and the Rollover Arrangement, and its views and recommendations will be set out in the Composite Document to be despatched to the H Shareholders.

SFC0320Q9

10. PROPOSED WITHDRAWAL OF LISTING OF H SHARES

Upon satisfaction of the Pre-Conditions and all the Conditions to effectiveness, the Company will apply to the Stock Exchange for voluntary withdrawal of the listing of the H Shares from the Stock Exchange pursuant to Rule 6.15(2) of the Listing Rules.

The Company will issue separate announcement(s) notifying H Shareholders of the proposed withdrawal of listing and the exact dates and relevant arrangements for the last day for dealing in H Shares on the Stock Exchange as well as when the formal delisting of the H Shares will become effective.

The listing of the H Shares on the Stock Exchange will not be withdrawn if the Merger is not approved or lapses or does not become unconditional for any reason.

11. EGM AND H SHARE CLASS MEETING AND THE COMPOSITE DOCUMENT

Subject to the fulfilment of the Pre-Conditions, the Company will convene the EGM and the H Share Class Meeting for the Shareholders and the H Shareholders

respectively, to consider and, if thought fit, approve matters including the Merger and the Rollover Arrangement (as the case may be).

The Composite Document containing, amongst others, (i) further details of the Merger, the Merger Agreement, the Rollover Arrangement and other matters in relation to the Merger; (ii) a letter of advice issued by the Independent Financial Adviser to the Independent Board Committee; and (iii) recommendations and advice from the Independent Board Committee, together with a notice of the EGM, a notice of the H Share Class Meeting and proxy forms are expected to be despatched to the H Shareholders within seven (7) days after the satisfaction of the Pre-Conditions. The Offeror will apply to the Executive for its consent under Note 2 to Rule 8.2 of the Takeovers Code to permit the Composite Document to be posted within the timeframe described above, and an announcement will be made in due course as required under the Takeovers Code.

12. RESPONSIBILITIES OF STOCKBROKERS, BANKS AND OTHER INTERMEDIARIES

In accordance with Rule 3.8 of the Takeovers Code, associates (including persons holding 5% or more of a class of relevant securities of the Offeror and the Company) of the Offeror and the Company are hereby reminded to disclose their dealings in any shares in the Offeror and the Company pursuant to the requirements of the Takeovers Code.

In accordance with Rule 3.8 of the Takeovers Code, reproduced below is the full text of Note 11 to Rule 22 of the Takeovers Code:

“Responsibilities of stockbrokers, banks and other intermediaries

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates of an offeror or the offeree company and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than \$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”

13. NUMBER OF RELEVANT SECURITIES IN ISSUE

As at the date of this joint announcement, the Company has 1,583,348,000 Shares in issue, which comprise 538,348,000 H Shares and 1,045,000,000 Domestic Shares.

As at the date of this joint announcement, the relevant securities of the Offeror in issue are RMB100,000 in the registered capital of the Offeror, all of which are held by Falcon Holding.

14. RESUMPTION OF TRADING IN THE H SHARES

At the request of the Company, trading in the H Shares on the Stock Exchange was halted from 9:00 a.m. on 17 March 2025 pending issuance of this joint announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in H Shares on the Stock Exchange with effect from 9:00 a.m. on [●] March 2025.

15. WARNING

The Pre-Conditions and the Conditions to effectiveness must be satisfied before the Merger Agreement becoming effective. The Merger Agreement becoming effective is therefore a possibility only. Further, Shareholders and potential investors in the securities of the Company should be aware that the Merger is subject to the Conditions to implementation set out in this joint announcement being satisfied or waived, as applicable. Neither the Offeror nor the Company provides any assurance that any or all Pre-Conditions or Conditions can be satisfied, and thus the Merger Agreement may or may not become effective or, if effective, may or may not be implemented or completed. Shareholders and potential investors in the securities of the Company should therefore exercise caution when dealing in the securities of the Company.

Persons who are in doubt as to the action to take and the implications arising from the Merger should consult their stockbroker, bank manager, solicitor or other professional advisers (including tax adviser regarding the tax consequences of the cancellation of the H Shares and the implementation of the Merger).

16. DEFINITIONS

In this joint announcement, unless the context otherwise requires, the following expressions shall have the meanings set out below:

“2021 SAS Trustee”	Futu Trustee Limited, the trustee of the 2021 Share Award Scheme for the time being;
“2021 Share Award Scheme”	the share award scheme of the Company adopted on 10 December 2021;
“2023 SAS Trustee”	Futu Trustee Limited, the trustee of the 2023 Share Award Scheme for the time being;
“2023 Share Award Scheme”	the share award scheme of the Company adopted on 29 August 2023;
“acting in concert”	has the meaning ascribed thereto in the Takeovers Code;

“Articles”	the articles of association of the Company;
“associate(s)”	has the meaning ascribed thereto in the Takeovers Code;
“associated companies”	has the meaning ascribed thereto in the Takeovers Code;
“Awarded H Share(s)”	the existing H Share(s) (vested or unvested) awarded by the Company under the 2021 Share Award Scheme or the 2023 Share Award Scheme;
“Board”	the board of Directors;
“business day”	a day on which the Stock Exchange is open for the transaction of business;
“Cancellation Price”	the cancellation price of HK\$2.0 per H Share and RMB[●] per Domestic Share payable in cash by the Offeror to the Shareholders (other than Falcon Holding and Platinum Peony, as described in the section headed “3. <i>PRINCIPAL TERMS OF THE MERGER AGREEMENT</i> ” in this joint announcement);
“Capital Increase Agreement”	the capital increase agreement to be entered into between the Offeror and Platinum Peony in connection with the Rollover Arrangement;
“China Accounting Standards for Business Enterprises”	Accounting Standard for Business Enterprises - Basic Standard issued by the Ministry of Finance of the PRC and respective specific accounting standards, application guidelines for accounting standards for business enterprises, interpretation for accounting standards for business enterprises, and other relevant regulations;
“CICC”	China International Capital Corporation Hong Kong Securities Limited, the financial adviser to the Offeror in respect of the Merger. CICC is a licensed corporation under the SFO, licensed to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 6 (advising on corporate finance) regulated activities;
“Company”	Shandong Fengxiang Co., Ltd. (山東鳳祥股份有限公司) (stock code: 9977), a joint stock company incorporated in the PRC with limited liability, the H

	Shares of which are listed on the Main Board of the Stock Exchange;
“Composite Document”	the document to be issued by or on behalf of the Offeror and the Company to all Shareholders in accordance with the Takeovers Code containing, among others, details of the Merger and the Rollover Arrangement, as may be revised or supplemented as appropriate;
“Conditions”	has the meaning given to it in the section headed “3. <i>PRINCIPAL TERMS OF THE MERGER AGREEMENT</i> ” in this joint announcement;
“Conditions to effectiveness”	has the meaning given to it in the section headed “3. <i>PRINCIPAL TERMS OF THE MERGER AGREEMENT</i> ” in this joint announcement;
“Conditions to implementation”	has the meaning given to it in the section headed “3. <i>PRINCIPAL TERMS OF THE MERGER AGREEMENT</i> ” in this joint announcement;
“Declaration Period”	a period commencing on the date on which the Merger is approved at EGM and the H Share Class Meeting respectively and expiring on [the fifth (5 th)] business day (which, solely for the purpose of this definition, shall exclude Saturday, Sunday and public holidays in the PRC) from (and including) the date on which the Merger is approved at EGM and the H Share Class Meeting respectively, during which any Dissenting Shareholder may declare to exercise its right;
“Delisting Date”	the date on which the listing of the Company on the Stock Exchange has been withdrawn;
“Despatch Date”	the date of despatch of the Composite Document to the Shareholders as required by the Takeovers Code;
“Director(s)”	director(s) of the Company;
“Dissenting Shareholder”	a Shareholder who has validly voted against the resolutions in respect of the Merger at the EGM and, if applicable, the H Share Class Meeting (as the case may be) and has requested the Company to acquire its Shares at a “reasonable price”;
“Domestic Share(s)”	the issued ordinary share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, which are subscribed for and paid up in RMB by PRC nationals and/or PRC-incorporated entities;

“Domestic Shareholder(s)”	holder(s) of the Domestic Shares from time to time;
“EGM”	the extraordinary general meeting of the Company to be convened, or any adjournment thereof, to consider and, if thought fit, approve the Merger Agreement, the Merger and relevant arrangements (including the Rollover Agreement);
“Exchange Rate”	the exchange rate of HK\$1: RMB[●], which is the latest available central parity rate of RMB to HK\$ as at the date of this joint announcement as announced by the People’s Bank of China;
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director;
“exempt fund manager”	has the meaning given to it under the Takeovers Code;
“exempt principal trader”	has the meaning given to it under the Takeovers Code;
“Exercise Date”	the date on which the Company (or the Offeror, if so requested by the Company) pays cash consideration to Dissenting Shareholders who exercise their right to request the Company (or the Offeror, if so requested by the Company) to acquire the Shares held and effectively declared by them at “reasonable price”, which will be decided and announced by the Company;
“Falcon Holding”	Falcon Holding LP, a limited partnership formed in Cayman Islands and having its registered office at PO Box 472, 2nd Floor, Harbour Place, 103 South Church Street, George Town, Grand Cayman, KY1-1106, Cayman Islands, the details of which are set out in as further described in the section headed “8. <i>INFORMATION ON THE OFFEROR AND THE COMPANY</i> ” in this joint announcement;
“Group”	the Company and its subsidiaries;
“H Share(s)”	the issued overseas listed foreign share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, which are subscribed for and traded in HK\$ and listed on the Main Board of the Stock Exchange;
“H Share Class Meeting”	the H shareholders class meeting of the Company to be convened for the Independent H Shareholders, or

	any adjournment thereof, to consider and, if thought fit, approve the Merger Agreement, the Merger and relevant arrangements;	
“H Shareholder(s)”	holder(s) of H Shares from time to time;	
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;	
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;	
“Independent Board Committee”	the independent board committee established by the Company for the purposes of considering the Merger and the Rollover Arrangement, which comprises all of the independent non-executive Directors, being Ms. Wang Anyi, Ms. Zhao Yinglin and Mr. Chung Wai Man;	
“Independent Financial Adviser”	the independent financial adviser to be appointed by the Company with the approval from the Independent Board Committee to advise the Independent Board Committee and the Independent H Shareholders in respect of (among other things) the Merger and the Rollover Arrangement;	SFC0320Q9
“Independent H Shareholders”	the H Shareholders other than the Offeror and any party acting in concert with it (including Falcon Holding and Platinum Peony);	
[“Irrevocable Undertaking”	the irrevocable undertaking given by [●], [a company incorporated in [●] with limited liability] in favour of the Offeror on [●] March 2025, details of which as described in the section headed “6. <i>IRREVOCABLE UNDERTAKING BY [●]</i> ” in this joint announcement;]	
“IU Shares”	have the meaning given to it in the section headed “6. <i>IRREVOCABLE UNDERTAKING BY [●]</i> ” in this joint announcement;	
“Last Trading Date”	14 March 2025, being the last trading day for the H Shares on the Stock Exchange immediately prior to the publication of this joint announcement;	
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;	

“Long-stop Date”	[●] ⁹ 2025, being the last date the Pre-Conditions, the Conditions to effectiveness and the Conditions to implementation can be satisfied, unless the Offeror and the Company otherwise agree, subject to the consent of the Executive;	SFC0325Q16
“Merger”	the proposed merger by absorption of the Company by the Offeror in accordance with the PRC Company Law and other applicable PRC Laws as contemplated under the Merger Agreement;	
“Merger Agreement”	the merger agreement entered into between the Offeror and the Company on [●] March 2025 in relation to the Merger;	
“Offer Period”	has the meaning ascribed to it under the Takeovers Code, being the period commencing on [●] March 2025 (the date of this joint announcement) and ending on the date that the Merger becomes unconditional (i.e., all of the Pre-Conditions and Conditions are fulfilled or waived, as applicable) or the date on which the Merger is not approved or otherwise lapses or the date determined by the Executive as the date on which the relevant offer period shall end, whichever is earlier;	SFC0320Q 26
“Offeror”	Jingyu Enterprise Development (Shandong) Co., Ltd.* (菁裕企業發展（山東）有限公司), a company incorporated in the PRC with limited liability which is wholly-owned by Falcon Holding;	
“Outstanding Share Awards”	have the meaning given to it in the section headed “8. INFORMATION ON THE OFFEROR AND THE COMPANY” in this joint announcement;	
“PAG”	PAG, formerly known as PAG Holdings Limited, a company incorporated in the Cayman Islands with limited liability on 28 June 2010;	
“PAG Fund IV”	PAG Asia IV LP, a limited partnership formed in the Cayman Islands and having its registered office at PO Box 472, 2nd Floor, Harbour Place, 103 South Church Street, George Town, Grand Cayman, KY1-1106, Cayman Islands, being the largest limited partner of Falcon Holding as at the date of this joint announcement;	

⁹ **Note to Draft:** To insert date that is 9 months from date of this joint announcement.

“Platinum Peony”	Platinum Peony B 2023 RSC Limited, a restricted scope company incorporated under the laws and regulations of the Abu Dhabi Global Market (in the Emirate of Abu Dhabi, United Arab Emirates);
“Potential Rollover Entity”	being either the Offeror or an unlisted entity to be designated by the Offeror which is a special purpose vehicle or limited partnership newly established for the sole purposes of issuing shares or other form of equity interest (such as limited partnership interests) under the Potential Share Alternative Offer and holding registered capital in the Offeror;
“Potential Rollover Securities”	shares or other form of equity interest (such as limited partnership interests) of the Potential Rollover Entity;
“Potential Share Alternative Offer”	has the meaning as ascribed to this expression in the section headed “4. <i>CANCELLATION PRICE</i> ” of this joint announcement;
“PRC” or “China”	the People’s Republic of China, which for the purposes of this joint announcement does not include Hong Kong, the Macau Special Administrative Region and Taiwan unless the context otherwise specifies;
“PRC Company Law”	the Company Law of the PRC, as amended, supplemented or otherwise modified from time to time;
“PRC Laws”	any and all laws, regulations, statutes, rules, decrees, notices, the supreme court’s judicial interpretations and other regulatory documents, including any amendments, revisions, supplements, interpretations and reformulations thereof, as may be in force and publicly available in the PRC from time to time;
“Pre-Conditions”	have the meaning given to it in the section headed “3. <i>PRINCIPAL TERMS OF THE MERGER AGREEMENT</i> ” in this joint announcement;
“RMB”	Renminbi, the lawful currency of the PRC;
“Rollover Arrangement”	the arrangement pursuant to which the Offeror will settle the Cancellation Price payable for the cancellation of the H Shares held by Platinum Peony through issuance of the registered capital of the Offeror as described in the section headed “5. <i>SPECIAL DEAL RELATING TO ROLLOVER ARRANGEMENT</i> ” in this joint announcement

	(including the Capital Increase Agreement and the Shareholders Agreement);
“SFC”	the Securities and Futures Commission of Hong Kong;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (as revised, supplemented or otherwise modified from time to time);
“Shareholders”	H Shareholders and Domestic Shareholders;
“Shareholders Agreement”	the shareholders agreement to be entered into between Falcon Holding and Platinum Peony, the key terms of which are further disclosed in the section headed “5. SPECIAL DEAL RELATING TO ROLLOVER ARRANGEMENT” in this joint announcement;
“Shares”	collectively, H Shares and Domestic Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Takeovers Code”	the Code on Takeovers and Mergers published by the SFC (as revised, supplemented or otherwise modified from time to time);
“trading day”	a day on which the Stock Exchange is open for dealing or trading in securities;
“United States” or “U.S.”	the United States of America, its territories and possessions, any State of the United States and the District of Columbia;
“U.S. Exchange Act”	the U.S. Securities Exchange Act of 1934, as amended;
“US\$”	US dollars, the lawful currency of the United States; and
“%”	per cent.

By order of the sole director of
Jingyu Enterprise Development
(Shandong) Co., Ltd.*
Lingjie Zhu
Sole Director

By order of the Board
Shandong Fengxiang Co., Ltd.
Shi Lei
Executive director and company secretary

Shandong, the PRC, [●] March 2025

As at the date of this joint announcement, the Board comprises Mr. Xiao Dongsheng and Mr. Shi Lei as executive Directors; Mr. Qiu Zhongwei, Mr. Lu Wei, Mr. Zhu Lingjie and Ms. Zhou Ruijia as non-executive Directors; and Ms. Wang Anyi, Ms. Zhao Yinglin and Mr. Chung Wai Man as independent non-executive Directors. The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than information relating to the Offeror, Falcon Holding and any parties acting in concert with any of them) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by the sole director of the Offeror and the directors of Falcon Holding GP Limited and PAG Asia Capital GP IV Limited in their capacity as such) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any of the statements in this joint announcement misleading.

SFC0325Q17

As at the date of this joint announcement, the Offeror's sole director is Mr. Zhu Lingjie. The sole director of the Offeror accepts full responsibility for the accuracy of the information contained in this joint announcement (other than information relating to the Company) and confirms, having made all reasonable enquiries, that to the best of his knowledge, opinions expressed in this joint announcement (other than those expressed by the Directors in their capacity as such) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any of the statements in this joint announcement misleading.

SFC0325Q18

As at the date of this joint announcement, the general partner of Falcon Holding is Falcon Holding GP Limited. As at the date of this joint announcement, the directors of Falcon Holding GP Limited are Lincoln Lin Feng Pan, Gauravjit Singh and Koichi Ito.

As at the date of this joint announcement, the directors of PAG Asia Capital GP IV Limited (being the general partner of PAG Fund IV) are Jon Robert Lewis, Derek Roy Crane, Noel Patrick Walsh and Mark Raymond Bennett.

The directors of Falcon Holding GP Limited and PAG Asia Capital GP IV Limited jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than information relating to the Company) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any of the statements in this joint announcement misleading.

In the case of inconsistency, the English text of this joint announcement shall prevail over the Chinese text.

For the purpose of this joint announcement, amounts denominated in RMB have been translated into HK\$ based on the Exchange Rate unless otherwise specified. No representation is made that any amounts in RMB and HK\$ can be or could have been converted at the relevant dates at the above rates or at any other rates at all.

* For identification purposes only.

Schedule 1
OFFEREE SHARES AS AT THE DATE OF THIS UNDERTAKING

No. and Class of Shares	Exact name(s) and address(es) of registered holder as appearing on the register of members of the Company	Beneficial owner
25,939,000 H	The Highview Trust, 885 Third Avenue, Floor 17, New York, NY 10022, United States of America	CHELT TRADING LIMITED

Schedule 2
WARRANTIES

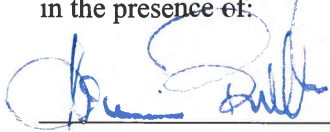
1. The Obligor is a company duly incorporated under the laws of BVI and has been validly existing since incorporation.
2. The Obligor is duly authorised, has full power and capacity and has taken all actions necessary to execute and deliver this Undertaking and exercise its rights, to perform its obligations under this Undertaking in accordance with its terms.
3. The Obligor's obligations under this Undertaking and each document to be executed on or before the Completion Date will constitute, or where the relevant document is executed, constitutes, valid, legal and binding obligations of the Obligor, enforceable in accordance with their respective terms.
4. Neither the execution nor performance of this Undertaking (or a document to be executed on or before the Completion Date) nor the implementation and completion of the Merger will result in or amount to, a violation or breach by the Obligor of any Applicable Law, or constitute a breach by the Obligor of any contract, agreement, articles of association, undertaking or commitment to which the Obligor is a party.
5. The Obligor has not dealt for value in any securities of the Company in the six months ended and including the date of this Undertaking.

Schedule 3
OFFEROR'S REPRESENTATIONS AND WARRANTIES

1. The Offeror is a company incorporated in the PRC with limited liability and has been validly existing since incorporation.
2. The Offeror is duly authorised, has full power and authority and has taken all actions necessary to execute and deliver this Undertaking and exercise its rights, and perform its obligations under this Undertaking in accordance with its terms.
3. The Offeror's obligations under this Undertaking and each document to be executed on or before the Completion Date will constitute, or where the relevant document is executed, constitutes, valid, legal and binding obligations on the Offeror enforceable in accordance with their respective terms.
4. Neither the execution nor performance of this Undertaking (or a document to be executed on or before the Completion Date) nor the implementation and completion of the Merger will result in or amount to, a violation or breach by the Offeror of any Applicable Law, or constitute a breach by the Offeror of any contract, agreement, articles of association, undertaking or commitment to which the Offeror is a party.

EXECUTED as a DEED by

for and on behalf of
CHELT TRADING LIMITED
in the presence of:

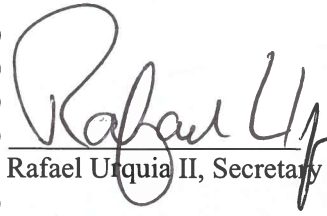
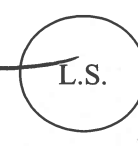


Annie Borello

885 Third Avenue, Floor 17

New York, NY 10022,

United States of America

)
)
)
)  
) Rafael Urquiza II, Secretary
)

Signature of witness

Name of witness

Address of witness

