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**If you have sold or transferred** all your shares in Fu Shou Yuan International Group Limited, you should at once hand this Response Document together with the accompanying form of proxy to the purchaser(s) or transferee(s) or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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## **Fu Shou Yuan International Group Limited**

**福壽園國際集團有限公司**

*(incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1448)**

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

**Independent Financial Adviser to the Independent Board Committee**



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Capitalised terms used in this cover shall have the same meanings as those defined in this Response Document, unless the context requires otherwise.

A letter from the Board is set out on pages 5 to 16 of this Response Document. A letter from the Independent Board Committee containing its recommendation in respect of the Partial Offer is set out on pages 17 to 18 of this Response Document. A letter from the Independent Financial Adviser containing its recommendation to the Independent Board Committee in respect of the Partial Offer and the principal factors considered by it in arriving at its recommendation is set out on pages 19 to 45 of this Response Document.

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## EXPECTED TIMETABLE

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| Event | Hong Kong time and dates<br>2026 |
|-------|----------------------------------|
|-------|----------------------------------|

|                                                                                                                                                          |                      |
|----------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|
| Despatch date of the Offer Document and<br>the accompanying Form of Acceptance and<br>the Partial Offer opens for acceptance ( <i>Note 1</i> ) . . . . . | Friday, 18 September |
|----------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|

|                                                                    |                   |
|--------------------------------------------------------------------|-------------------|
| Despatch date of this Response Document ( <i>Note 2</i> ). . . . . | Friday, 2 October |
|--------------------------------------------------------------------|-------------------|

The expected timetable reproduced below is extracted from the Offer Document and for reference only. The timetable set out below is indicative and may be subject to change. Any changes to the timetable will be announced by the Offeror. All time and date references in the timetable below refer to Hong Kong time and dates.

|                                                                                                                          |                                    |
|--------------------------------------------------------------------------------------------------------------------------|------------------------------------|
| Latest time and date for acceptance of<br>the Partial Offer on the Closing Date<br>( <i>Notes 2, 3 and 4</i> ) . . . . . | 4:00 p.m.<br>on Friday, 16 October |
|--------------------------------------------------------------------------------------------------------------------------|------------------------------------|

|                                                                                                                                                                                                               |                                                  |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------|
| Announcement of the results of the Partial Offer<br>as at the Closing Date (or its extension or<br>revision, if any), to be posted on the website of<br>the Stock Exchange ( <i>Notes 4 and 5</i> ) . . . . . | no later than 7:00 p.m.<br>on Friday, 16 October |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------|

|                                                                                                                                                  |                                     |
|--------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------|
| Designated agent starts to stand in the market to<br>provide matching services for sale and purchase<br>of odd lots holdings of Shares . . . . . | 9:00 a.m.<br>on Tuesday, 20 October |
|--------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------|

|                                                                                                                                                                                    |                       |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|
| Latest date for posting of remittances for<br>the amount due in respect of valid acceptances<br>received under the Partial Offer on the Closing Date<br>( <i>Note 6</i> ). . . . . | Wednesday, 28 October |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|

|                                                                                                                                                                                                                                            |                       |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|
| Latest date for despatch of share certificate(s)<br>and/or any transfer receipt(s) and other document(s)<br>of title for Shares tendered but not taken up or<br>share certificate(s) in respect of the balance of such<br>Shares . . . . . | Wednesday, 28 October |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|

|                                                                                                                                                  |                                                   |
|--------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------|
| Designated agent ceases to stand in the market<br>to provide matching services for sale and<br>purchase of odd lots holdings of Shares . . . . . | no later than 4:00 p.m.<br>on Tuesday, 1 December |
|--------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------|

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## EXPECTED TIMETABLE

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*Notes:*

1. The Partial Offer, which is unconditional in all respects, is made on the date of despatch of the Offer Document and is open for acceptance on and from Friday, 18 September 2026, being the date of posting of the Offer Document, until 4:00 p.m. on the Closing Date, i.e. Friday, 16 October 2026, or such later time and/or date as permitted by the Executive in accordance with the Takeovers Code.
2. In accordance with the Takeovers Code, the Company is required to post this Response Document to the Shareholders no later than 14 days after the date of the Offer Document, unless the Executive consents to a later date and the Offeror agrees to extend the Closing Date by the number of days, if appropriate, in respect of which the delay in the posting of this Response Document is agreed.
3. Accepting Shareholders whose Shares are held through intermediaries are strongly advised to consult their intermediaries on their respective deadlines for taking their acceptance instruction.
4. In accordance with the Takeovers Code, where the Response Document is posted after the date of the Offer Document, the Partial Offer must be open for acceptance for at least 28 days after the date of the Offer Document. No revision or extension of the Partial Offer will be made except with the Executive's prior consent.
5. The announcement will comply with the disclosure requirements under Rule 19.1 and Note 7 to Rule 19 of the Takeovers Code and will include, among other things, the results of the Partial Offer and details of the way in which the pro-rata entitlement for each accepting Shareholder was determined.
6. Remittances in respect of the consideration payable for the Offer Shares tendered under the Partial Offer (after deducting seller's ad valorem stamp duty) will be posted by ordinary post to the accepting Shareholders at their own risk as soon as possible but in any event no later than seven business days following the Closing Date.
7. If there is a typhoon signal number 8 or above, or a "black" rainstorm warning (as issued by the Hong Kong Observatory) or "extreme conditions" warning (as announced by the Hong Kong Government) is in force in Hong Kong:
  - (a) at any local time before 12:00 noon but no longer in force at or after 12:00 noon on the latest date for acceptance of the Partial Offer and the latest date for despatch of remittances for the amounts due under the Partial Offer in respect of valid acceptances, the latest time for acceptance of the Partial Offer will remain at 4:00 p.m. on the same business day and the latest date for the despatch of remittances will remain on the same business day; or
  - (b) at any local time at 12:00 noon and/or thereafter on the latest date for acceptance of the Partial Offer and the latest date for despatch of remittances for the amounts due under the Partial Offer in respect of valid acceptances, the latest time for acceptance of the Partial Offer and the latest date for the despatch of remittances will be rescheduled on the following business day which does not have either of those warnings in force at any time between 12:00 noon and/or thereafter.

Save as mentioned above, if the latest time for acceptance of the Partial Offer does not take effect on the date and time as stated above, the other dates mentioned above may be affected. The Offeror will notify the Shareholders by way of announcement(s) on any change to the expected timetable as soon as practicable.

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## DEFINITIONS

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*In this Response Document, unless the context otherwise requires, the following expressions shall have the following meanings:*

|                       |                                                                                                                                                                                                                    |
|-----------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “acting in concert”   | has the meaning given to it under the Takeovers Code                                                                                                                                                               |
| “AFG Securities”      | AFG Securities Limited, a corporation licensed by the SFC to carry out Type 1 (dealing in securities) regulated activity under the SFO, being the agent making the Partial Offer on behalf of the Offeror          |
| “associate(s)”        | has the meaning ascribed to it under the Takeovers Code                                                                                                                                                            |
| “Board”               | the board of Directors                                                                                                                                                                                             |
| “business day(s)”     | has the meaning ascribed to it under the Takeovers Code                                                                                                                                                            |
| “Closing Date”        | Friday, October 16, 2026, the closing date of the Partial Offer, or such later date permitted by the Executive in accordance with the Takeovers Code                                                               |
| “Company”             | Fu Shou Yuan International Group Limited, an exempted company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 1448) |
| “Despatch Date”       | Friday, September 18, being the date of despatch of the Offer Document to the Shareholders as required by the Takeovers Code                                                                                       |
| “Director(s)”         | the directors of the Company                                                                                                                                                                                       |
| “Executive”           | the Executive Director of the Corporate Finance Division of the SFC or any delegate of such executive director                                                                                                     |
| “Forensic Accountant” | Ernst & Young (China) Advisory Limited, appointed by the Special Investigation Committee on March 22, 2026 to undertake the independent investigation into the Questionable Transactions                           |
| “Form of Acceptance”  | the form of acceptance and transfer in respect of the Partial Offer accompanying the Offer Document                                                                                                                |
| “Group”               | the Company and its subsidiaries                                                                                                                                                                                   |
| “HK\$” or “HKD”       | Hong Kong dollars, the lawful currency of Hong Kong                                                                                                                                                                |
| “Hong Kong”           | the Hong Kong Special Administrative Region of the People’s Republic of China                                                                                                                                      |

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## DEFINITIONS

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|--------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “Independent Board Committee”        | an independent board committee of the Company comprising all non-executive Directors and independent non-executive Directors, who have no direct or indirect interest in the Partial Offer, established by the Board to give advice to the Qualifying Shareholders in respect of the Partial Offer                                                                                                                                                                                                                                                                                                                     |
| “Independent Financial Adviser”      | Octal Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser to the Independent Board Committee and the Qualifying Shareholders in respect of the Partial Offer                                                                                                                                                                                                                                                                                                    |
| “Independent Forensic Investigation” | an independent forensic investigation into the Questionable Transactions conducted by the Forensic Accountant, covering (i) matters involving cash withdrawals or disbursements, as well as related procurement transactions and payment arrangements (including previously disclosed matters and other subsequently identified transactions); (ii) personnel involved in the above transactions (including the then management, relevant finance staff, and/or other individuals involved); and (iii) the Group’s cash flows, approval procedures, and implementation of internal controls during the relevant period |
| “Independent Investigation Report”   | the independent investigation report prepared by the Forensic Accountant in relation to the Questionable Transactions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| “Internal Control Consultant”        | the independent internal control consultant to be engaged by the Company to conduct a review of the Group’s internal control policies and procedures                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| “Last Trading Day”                   | March 19, 2026, being the last trading day of the Shares on the Stock Exchange prior to the Trading Suspension                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| “Latest Practicable Date”            | September 29, being the latest practicable date prior to the printing of this Response Document for ascertaining certain information contained in this Response Document                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| “Listing Rules”                      | the Rules Governing the Listing of Securities on the Stock Exchange                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| “Offer Announcement”                 | the announcement issued by the Offeror dated September 1, 2026 in relation to the Partial Offer                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| “Offer Document”                     | the offer document dated September 18, 2026 despatched by the Offeror (accompanied by the Form of Acceptance) to all the Shareholders in connection with the Partial Offer pursuant to the requirements of the Takeovers Code                                                                                                                                                                                                                                                                                                                                                                                          |

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## DEFINITIONS

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|-----------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “Offer Period”              | the period commencing on September 1, 2026, being the date of the Offer Announcement, and ending on the close of the Partial Offer                                                                                                                                                                                                    |
| “Offer Price”               | the offer price of HK\$0.1 per Offer Share                                                                                                                                                                                                                                                                                            |
| “Offer Share(s)”            | the Shares to be purchased by the Offeror from the Qualifying Shareholders under the Partial Offer, being up to 115,000,000 Shares                                                                                                                                                                                                    |
| “Offeror”                   | Ms. Gong Hailin                                                                                                                                                                                                                                                                                                                       |
| “Overseas Shareholder(s)”   | Qualifying Shareholder(s) whose address(es), as shown on the register of members of the Company, is/are outside Hong Kong                                                                                                                                                                                                             |
| “Partial Offer”             | the unconditional voluntary cash partial offer made by AFG Securities for and on behalf of the Offeror to acquire up to 115,000,000 Offer Shares at the Offer Price in cash from the Qualifying Shareholders in accordance with the Takeovers Code on the basis set out in the Offer Document and the accompanying Form of Acceptance |
| “PRC”                       | the People’s Republic of China, which for the purpose of this Response Document, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan                                                                                                                                                               |
| “Pre-Conditions”            | the pre-conditions to the making of the Partial Offer, as set out in the section headed “THE PARTIAL OFFER- Pre-Conditions to the Partial Offer and its satisfaction” of this Response Document, which were satisfied on September 14, 2026                                                                                           |
| “Qualifying Shareholders”   | Shareholders other than the Offeror and parties acting in concert with it                                                                                                                                                                                                                                                             |
| “Questionable Transactions” | certain asset procurement transactions and related payment arrangements of the Group that required further verification and assessment as disclosed in the announcement of the Company dated June 18, 2026                                                                                                                            |
| “Receiving Agent”           | Union Registrars Limited, in its capacity as the receiving agent of the Offeror with respect to the Partial Offer, located at Suites 3301–04, 33/F., Two Chinachem Exchange Square, 338 King’s Road, North Point, Hong Kong                                                                                                           |
| “Registrar”                 | Computershare Hong Kong Investor Services Limited, the Hong Kong branch registrar and transfer office of the Company located at Shops 1712–1716, 17th Floor Hopewell Centre 183 Queen’s Road East Wanchai Hong Kong                                                                                                                   |

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## DEFINITIONS

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|-----------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “Relevant Period”                 | the period commencing from March 1, 2026, being the date falling six months immediately preceding the commencement of the Offer Period (i.e. September 1, 2026), to and inclusive of the Latest Practicable Date |
| “Response Document”               | this response document issued by the Company in respect of the Partial Offer                                                                                                                                     |
| “Resumption Guidance”             | the resumption guidance set out in a letter from the Stock Exchange received by the Company dated June 16, 2026                                                                                                  |
| “SFC”                             | the Securities and Futures Commission of Hong Kong                                                                                                                                                               |
| “SFO”                             | the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time                                                                                                        |
| “Share(s)”                        | the ordinary share(s) with par value of US\$0.01 each in the share capital of the Company                                                                                                                        |
| “Shareholder(s)”                  | holder(s) of the Share(s)                                                                                                                                                                                        |
| “Special Investigation Committee” | the special investigation committee of the Company comprising all independent non-executive Directors                                                                                                            |
| “Stock Exchange”                  | The Stock Exchange of Hong Kong Limited                                                                                                                                                                          |
| “subsidiary(ies)”                 | has the meaning ascribed to it under the Listing Rules                                                                                                                                                           |
| “Takeovers Code”                  | the Code on Takeovers and Mergers issued by the SFC, as amended, supplemented or otherwise modified from time to time                                                                                            |
| “Trading Suspension”              | the suspension of trading in the Shares on the Stock Exchange which took effect from 9:00 a.m. on March 20, 2026                                                                                                 |
| “US\$” or “USD”                   | United States dollars, the lawful currency of the United States of America                                                                                                                                       |
| “%”                               | per cent.                                                                                                                                                                                                        |



**Fu Shou Yuan International Group Limited**

**福壽園國際集團有限公司**

*(incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1448)**

*Executive Directors:*

Mr. Bai Xiaojiang (*Chairman*)

Mr. Ho Man

*Non-executive Directors:*

Mr. Tan Leon Li-an (*Vice-Chairman*)

Mr. Lu Hesheng

Mr. Huang James Chih-Cheng

*Independent non-executive Directors:*

Ms. Liang Yanjun

Mr. Shi Xiaobei

Mr. Chen Gui

Mr. Ng Michael Chiu Ho

Mr. Zhao Guangbin

Mr. Zhou Quan

Ms. Qian Qian

*Registered office:*

Ocorian Trust (Cayman) Limited

Windward 3, Regatta Office Park

P.O. Box 1350

Grand Cayman KY1-1108

Cayman Islands

*Headquarters:*

No. 500, Lane 7270

Waiqingsong Road

Shanghai

China 201799

*Principal place of business in Hong Kong:*

Unit 709, 7/F

K. Wah Centre

191 Java Road

North Point

Hong Kong

*To the Qualifying Shareholders*

Dear Sir or Madam,

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

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## LETTER FROM THE BOARD

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### INTRODUCTION

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

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

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

Octal Capital Limited has been appointed by the Company with the approval of the Independent Board Committee as the Independent Financial Adviser to advise the Independent Board Committee in respect of the Partial Offer. The letter of advice from the Independent Financial Adviser to the Independent Board Committee is set out on pages 19 to 45 of this Response Document.

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

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

### THE PARTIAL OFFER

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

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

**For each Offer Share. . . . . HK\$0.1 in cash**

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## LETTER FROM THE BOARD

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

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

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

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

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

### **Pre-Conditions to the Partial Offer and its satisfaction**

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

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

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

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## LETTER FROM THE BOARD

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### **Unconditional Partial Offer**

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

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

### **INFORMATION ON THE OFFEROR**

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

### **INTENTION OF THE OFFEROR REGARDING THE GROUP**

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

### **INTENTION OF THE OFFEROR AND THE BOARD REGARDING THE GROUP**

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

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

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## LETTER FROM THE BOARD

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

### **COMPULSORY ACQUISITION AND MAINTAINING THE LISTING STATUS OF THE COMPANY**

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

### **INFORMATION ON THE GROUP**

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

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

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

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

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## LETTER FROM THE BOARD

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

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

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

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

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## LETTER FROM THE BOARD

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

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

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

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

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

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

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

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## LETTER FROM THE BOARD

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

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

### **PUBLIC FLOAT OF THE COMPANY**

The Stock Exchange has stated that:

- (i) if, at the close of the Partial Offer, the Stock Exchange believes that (a) a false market exists or may exist in the trading of the Shares; or (b) an orderly market does not exist or may not exist, it will consider exercising its discretion to suspend dealings in the Shares; and
- (ii) if, at the close of the Partial Offer, the Company has a Significant Public Float Shortfall (as defined in rule 13.32F of the Listing Rules), then: (a) the Stock Exchange will add a designated marker to the stock name of the listed Shares; and (b) the Stock Exchange will cancel the listing of the Shares if the Company fails to re-comply with Rule 13.32B of the Listing Rules for a continuous period of 18 months from the commencement of the Significant Public Float Shortfall.

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

## LETTER FROM THE BOARD

### SHAREHOLDING STRUCTURE OF THE COMPANY AND EFFECT OF THE PARTIAL OFFER

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

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

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## LETTER FROM THE BOARD

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*Notes:*

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

### INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

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

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## LETTER FROM THE BOARD

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

### RECOMMENDATION

Your attention is drawn to (i) the “Letter from the Independent Board Committee” set out on pages 17 to 18 of this Response Document, which contains its recommendations to the Qualifying Shareholders in respect of the Partial Offer; and (ii) the “Letter from the Independent Financial Adviser” set out on pages 19 to 45 of this Response Document, which contains its advice to the Independent Board Committee in connection with the Partial Offer, as well as the principal factors and reasons considered by it in arriving at its recommendation. **Qualifying Shareholders should read these letters in conjunction with the Offer Document carefully before taking any action in respect of the Partial Offer.**

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

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

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

### ADDITIONAL INFORMATION

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

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

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## LETTER FROM THE BOARD

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### CONTINUED SUSPENSION OF TRADING

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

Yours faithfully,  
For and on behalf of the Board of  
**Fu Shou Yuan International Group Limited**  
**Bai Xiaojiang**  
*Chairman and Executive Director*



**Fu Shou Yuan International Group Limited**

**福壽園國際集團有限公司**

*(incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1448)**

October 2, 2026

*To the Qualifying Shareholders*

Dear Sir or Madam,

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

**INTRODUCTION**

We refer to the response document (the “**Response Document**”) dated October 2, 2026 issued by the Company, of which this letter forms part. Unless the context otherwise requires, terms used in this letter shall have the same meanings as those defined in the Response Document.

We have been appointed by the Board to form the Independent Board Committee to consider and to advise the Qualifying Shareholders as to whether or not the terms of the Partial Offer are fair and reasonable and to make a recommendation as to the acceptance of the Partial Offer.

Octal Capital Limited has been appointed as the Independent Financial Adviser to advise us in respect of the above. Details of its advice and the principal factors taken into consideration in arriving at its recommendation are set out in the section headed “Letter from the Independent Financial Adviser” on pages 19 to 45 of the Response Document.

We also wish to draw your attention to the section headed “Letter from the Board” and the additional information set out in the Appendices to the Response Document.

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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### RECOMMENDATIONS

Having considered the terms of the Partial Offer and the advice from the Independent Financial Adviser, we concur with the Independent Financial Adviser's advice and consider that the Partial Offer is **NOT** fair and **NOT** reasonable so far as the Qualifying Shareholders are concerned. On this basis, we concur with the Independent Financial Adviser's advice and we ourselves recommend the Qualifying Shareholders **NOT** to accept the Partial Offer.

Notwithstanding our recommendations, the Qualifying Shareholders are advised that the decision to realise or to hold their investment is subject to individual circumstances and investment objectives. As different Qualifying Shareholders would have different investment criteria, objectives, risk preferences and tolerance levels and/or circumstances, we would recommend any Qualifying Shareholder who may require advice in relation to any aspect of the Response Document, the Offer Document, or as to the action to be taken, to consult a licensed securities dealer, bank manager, solicitor, professional accountant, tax adviser or other professional adviser before making the decision to, whether or not, accept the Partial Offer. The Qualifying Shareholders also should note that acceptance of the Partial Offer may result in their holding odd lots of Shares. Furthermore, the Qualifying Shareholders are also reminded to read carefully the procedures for accepting the Partial Offer as detailed in the Offer Document, the appendices to the Offer Document and the Form of Acceptance, if they wish to accept the Partial Offer.

Yours faithfully,

For and on behalf of the Independent Board Committee

**Mr. Tan Leon Li-an**

*Non-executive Directors*

**Mr. Lu Hesheng**

*Non-executive Directors*

**Mr. Huang James  
Chih-Cheng**

*Non-executive Directors*

**Ms. Liang Yanjun**

*Independent non-executive  
Directors*

**Mr. Shi Xiaobei**

*Independent non-executive  
Directors*

**Mr. Chen Gui**

*Independent non-executive  
Directors*

**Mr. Ng Michael Chiu Ho**

*Independent non-executive  
Directors*

**Mr. Zhao Guangbin**

*Independent non-executive  
Directors*

**Mr. Zhou Quan**

*Independent non-executive  
Directors*

**Ms. Qian Qian**

*Independent non-executive Directors*



Octal Capital Limited  
504–505, 5/F,  
308 Des Voeux Road Central  
Hong Kong

October 2, 2026

*To the Independent Board Committee and the Qualifying Shareholders*

Dear Sirs,

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

**INTRODUCTION**

We refer to our appointment as the independent financial adviser with the approval of the Independent Board Committee to advise the Qualifying Shareholders in respect of the Partial Offer. Details of the Partial Offer are set out in the Response Document to the Shareholders dated October 2, 2026, of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Response Document unless the context otherwise requires.

**THE PARTIAL OFFER**

On September 1, 2026 (after trading hours of the Stock Exchange), the Offeror notified the Board of a firm intention to make the Partial Offer (in compliance with the Takeovers Code) to acquire up to 115,000,000 Offer Shares (representing approximately 4.96% of the Company's issued share capital as at the Latest Practicable Date) at the Offer Price of HK\$0.1 per Offer Share. The Offer Document accompanied with the Form of Acceptance were despatched on September 18, 2026.

**INDEPENDENT BOARD COMMITTEE**

Pursuant to the Takeovers Code, the Board has established the Independent Board Committee, comprising Mr. Tan Leon Li-an, Mr. Lu Hesheng, Mr. Huang James Chih-Cheng, Ms. Liang Yanjun, Mr. Shi Xiaobei, Mr. Chen Gui, Mr. Ng Michael Chiu Ho, Mr. Zhao Guangbin, Mr. Zhou Quan and Ms. Qian Qian, being all the non-executive Directors and independent non-executive Directors who have no direct or indirect interest in the Partial Offer, to give advice to the Qualifying Shareholders in respect of the Partial Offer. We, Octal Capital Limited, have been appointed, with approval of the Independent Board Committee, as the independent financial adviser to the Independent Board Committee and the Qualifying Shareholders in respect of the Partial Offer.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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During the last two years, there was no engagement between the Company or the Offeror and us. As at the Latest Practicable Date, we are not associated or connected with the Company or the Offeror, their respective substantial shareholders or any party acting, or presumed to be acting, in concert with any of them and, accordingly, are considered eligible to give independent advice on the Partial Offer. Apart from normal professional fees payable to us in connection with this engagement, no arrangement exists whereby we will receive any fees or benefits from the Company or the Offeror, their respective substantial shareholders or any party acting, or presumed to be acting, in concert with any of them.

### BASIS OF OUR OPINION

In formulating our opinion, we have relied on the information and facts supplied by the Company, and the opinions expressed by the Directors, and have assumed that the information and facts provided and opinions expressed by the Directors to us are true, accurate and complete in all material aspects. We have also relied on our discussion with the Board and/or the management of the Company, given in writing or orally, regarding the Company and the Partial Offer, including the information and representations contained in the Offer Document and the Response Document. We have also assumed that all statements of belief, opinion and intention made by the Board and the management of the Company and/or the Offeror in the Offer Document or the Response Document were reasonably made after due enquiry. We have also reviewed, amongst others, (i) the Offer Announcement and the Offer Document; (ii) the Response Document; (iii) the annual reports of the Company for the years ended December 31, 2023 (the “**2023 Annual Report**”) and 2024 (the “**2024 Annual Report**”) and the interim report of the Company for the six months ended June 30, 2025 (the “**2025 Interim Report**”); (iv) the announcements issued by the Company in relation to (a) delay in publication of annual results and despatch of annual report for the year ended December 31, 2025 due to the Questionable Transactions dated March 19, 2026, March 31, 2026 and April 27, 2026; (b) suspension of trading dated March 20, 2026; (c) the Resumption Guidance dated June 18, 2026; (d) delay in publication of interim results and despatch of interim report for the six months ended June 30, 2026 dated August 14, 2026; and (e) the announcements issued by the Company from September 1, 2026, being the date of announcement by the Offeror in relation to the Partial Offer, up to the Latest Practicable Date. We consider that the information we have received is sufficient for us to reach our opinion and give the advice and recommendation set out in this letter. We have no reason to believe that any material information has been omitted or withheld, or doubt the truth or accuracy of the information provided. We have, however, not conducted any independent investigation into the business and affairs of the Group or the Offeror or any of their respective associates or any party acting, or presumed to be acting, in concert with any of them, nor have we carried out any independent verification of the information supplied. We have also assumed that all representations contained or referred to in the Offer Document and the Response Document were true up to the time of the Latest Practicable Date, there are no other matters the omission would make any statement herein misleading.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Response Document and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed by the Directors in the Response Document have been arrived at after due and careful consideration and there are no other facts not contained in the Response Document at the time when they were made and continued to be so up to the Latest Practicable Date the omission of which would make any statement in the Response Document misleading.

The information contained in the Response Document relating to the Offeror and parties acting in concert with her and the terms of the Partial Offer has been extracted or derived from the Offer Document, which the Offeror accepts full responsibility for the accuracy.

Should there be any subsequent material changes which occur during the period from the date of the Response Document up to the close of the Partial Offer, including but not limited to the publication of the annual results of the Company for the year ended December 31, 2025, we will notify the Independent Board Committee and the Qualifying Shareholders as soon as possible.

We have not considered the tax implications on the Qualifying Shareholders of their acceptances or non-acceptances of the Partial Offer (as the case may be) since these are particular to their own individual circumstances. In particular, the Qualifying Shareholders who are resident outside Hong Kong or subject to overseas taxes or Hong Kong taxation on securities dealings should consider their own tax position regarding the Partial Offer and, if in any doubt, should consult their own professional advisers.

### PRINCIPAL FACTORS TAKEN INTO CONSIDERATION ON THE PARTIAL OFFER

In arriving at our opinion in respect of the Partial Offer, we have taken into consideration the following principal factors and reasons:

#### 1. Principal terms of the Partial Offer

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

**For each Offer Share . . . . . HK\$0.1 in cash**

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

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

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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

### *Pre-Conditions to the Partial Offer*

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

As disclosed in the announcement of the Offeror dated September 14, 2026 in relation to satisfaction of pre-conditions to the Partial Offer, the Offeror announced that all pre-conditions to the Partial Offer had been fulfilled on September 14, 2026.

### *Unconditional Partial Offer*

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

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

***Odd lots***

As stated in the Offer Document, Qualifying Shareholders should note that acceptance of the Partial Offer may result in holding odd lots of Shares. Accordingly, AFG Securities has been appointed by the Offeror to match sales and purchases of odd lot holdings of Shares on a best efforts basis for a period of six weeks following the close of the Partial Offer to assist such Shareholders in disposing their odd lots or to top up their odd lots to whole board lots. Shareholders should note that the matching of odd lots is not guaranteed.

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

**2. Background of the Group**

The Company is a limited company incorporated on January 5, 2012 as an exempted company with limited liability in the Cayman Islands under the Companies Act of the Cayman Islands, and its shares have been listed on the Stock Exchange since December 19, 2013.

As disclosed in the 2025 Interim Report, the Company is a leading funeral and life technology service provider in the PRC and is committed to innovation-driven and high-quality development. The Group leverages its industry-leading operational philosophy, multi-engine drive, and steady development strategy to continuously improve service quality, advance digital transformation, and uphold the 3JI concept (Monuments beautification, Memories thickening, Heritage lengthening). As at the Latest Practicable Date, the Group's footprint covers over 40 cities in 19 provinces, autonomous regions and municipalities in the PRC which includes the Group's controlled operating cemeteries and funeral facilities in major cities across 17 provinces, municipalities and autonomous regions in the PRC. The Group's expansion plans in other major provinces, capital cities and major uncharted areas across the PRC are progressing steadily.

In summary, the Group's principal business comprises three segments: (i) burial services, including sale of burial plots and provision of cemetery maintenance services; (ii) funeral services, encompassing planning of funeral arrangement and interment, organizing and hosting of the funeral; and (iii) other services including provision of landscape and garden design services, construction services, and production and sale of cremation machines and the related maintenance services.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### 3. Historical financial information and prospects of the Group

Given that the annual results for the year ended December 31, 2025 and the interim results for the six months ended June 30, 2026 have not been published by the Company as at the Latest Practicable Date, we set out below a summary of (i) the audited consolidated financial information of the Group for the three years ended December 31, 2022 (“FY2022”), 2023 (“FY2023”) and 2024 (“FY2024”) as extracted from the 2023 Annual Report and 2024 Annual Report; and (ii) the unaudited consolidated financial information of the Group for the six months ended June 30, 2024 (“1H2024”) and 2025 (“1H2025”), respectively, as extracted from the 2025 Interim Report:

#### *Financial performance of the Group*

|                                                | For the year ended |                  |                  | For the six months ended |                  |
|------------------------------------------------|--------------------|------------------|------------------|--------------------------|------------------|
|                                                | 2022               | 2023             | 2024             | 2024                     | 2025             |
|                                                | RMB'000            | RMB'000          | RMB'000          | RMB'000                  | RMB'000          |
|                                                | (Audited)          | (Audited)        | (Audited)        | (Unaudited)              | (Unaudited)      |
| Revenue                                        |                    |                  |                  |                          |                  |
| — Burial services                              | 1,748,898          | 2,165,253        | 1,709,205        | 906,082                  | 477,375          |
| — Funeral services                             | 359,427            | 397,886          | 339,191          | 184,083                  | 121,873          |
| — Other services                               | 87,629             | 78,542           | 37,436           | 15,059                   | 14,628           |
| — Inter-segment elimination                    | (24,328)           | (13,652)         | (8,348)          | (5,233)                  | (3,026)          |
| <b>Total revenue</b>                           | <b>2,171,626</b>   | <b>2,628,029</b> | <b>2,077,484</b> | <b>1,099,991</b>         | <b>610,850</b>   |
| Operating profit/(loss):                       |                    |                  |                  |                          |                  |
| — Burial services                              | 986,017            | 1,304,277        | 706,754          | 492,814                  | (214,162)        |
| — Funeral services                             | 48,357             | 64,413           | 28,664           | 25,840                   | (5,310)          |
| — Other services                               | 93                 | 1,847            | (27,425)         | (6,660)                  | (10,179)         |
| — Inter-segment elimination                    | (4,140)            | 1,662            | 1,894            | 243                      | 402              |
| <b>Total operating profit/(loss)</b>           | <b>1,030,327</b>   | <b>1,372,199</b> | <b>709,887</b>   | <b>512,237</b>           | <b>(229,249)</b> |
| Profit for the year/period attributable to     |                    |                  |                  |                          |                  |
| — Owners of the Company                        | 658,596            | 791,240          | 373,134          | 298,801                  | (261,411)        |
| — Non-controlling interests                    | 152,133            | 184,676          | 124,194          | 64,334                   | (2,462)          |
| <b>Total profit/(loss) for the year/period</b> | <b>810,729</b>     | <b>975,916</b>   | <b>497,328</b>   | <b>363,135</b>           | <b>(263,873)</b> |

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### *Comparison between FY2022 and FY2023*

The Group recorded total revenue and operating profit of approximately RMB2,628.0 million and RMB1,372.2 million for FY2023, representing increases by approximately 21.0% and 33.2%, respectively as compared with those for FY2022. The growth in revenue and operating profit was primarily driven by a rebound in burial services, which benefited from the release of accumulated market demand that had been suppressed during FY2022 amid epidemic prevention and control measures. As conditions normalized and cemeteries resuming normal operation, the significant influx of customers resulted in both higher sales volumes and an improved average selling price.

Net profit of the Group for FY2023 amounted to approximately RMB975.9 million, representing an increase by RMB165.2 million or 20.4%, as compared with RMB810.7 million for FY2022. The increase in net profit was mainly due to the increase in operating profit by approximately RMB341.9 million, partially offset by the increase in income tax expense by approximately RMB174.2 million.

### *Comparison between FY2023 and FY2024*

The Group recorded total revenue and operating profit of approximately RMB2,077.5 million and RMB709.9 million, representing decreases by approximately 20.9% and 48.3%, respectively, as compared to those for FY2023. Such decrease represented weakened performances across all three segments of burial, funeral and other services. The decrease in revenue was primarily attributable to (i) the high comparative base for FY2023 led by the lifting of epidemic prevention and control measures which drove a strong rebound in cemetery and funeral activity; and (ii) the cessation of certain funeral projects since the latter half of FY2023 upon the expiration of their cooperation agreements with local partners. The steeper contraction in operating profit reflected the Group's rigid cost base, mainly comprising staff costs, construction costs, consumed materials and goods, depreciation and amortization and other general operating expenditures, amid fall in revenue.

Net profit of the Group for FY2024 amounted to approximately RMB497.3 million, representing a decrease by RMB478.6 million or 49%, as compared with RMB975.9 million for FY2023. The decrease in net profit was mainly due to the decrease in revenue by approximately RMB550.5 million and impairment losses of RMB104.2 million being recognized on property and equipment, intangible assets, cemetery assets and goodwill in connection with two cemetery projects after evaluation of factors including their updated business environment and projection of operating cash flow and impairment losses of RMB23.6 million under expected credit loss model, net of reversal, partially offset by the gain from exemption of reimbursed payables due to third parties of approximately RMB43.4 million and decrease in income tax expense by approximately RMB142.5 million.

*Comparison between 1H2024 and 1H2025*

The Group recorded total revenue of approximately RMB610.9 million for 1H2025, representing a decrease of approximately RMB489.1 million or 44.5%, as compared with approximately RMB1,100.0 million for 1H2024. The decline was primarily attributable to two factors: (i) short-term performance pressure on the Group due to macroeconomic headwinds and cautious customer spending; and (ii) the impact of value-added tax (“VAT”) on burial and funeral services, which reduced net service revenue after VAT deductions.

The Group recorded an operating loss of approximately RMB229.2 million for 1H2025, down approximately RMB741.5 million from an operating profit of approximately RMB512.2 million for 1H2024. Such decrease was mainly attributable to the significant reduction in revenue alongside the increase in operating expenditure, including (i) impairment losses of RMB217.6 million being recognized on property and equipment, intangible assets, cemetery assets and goodwill in connection with several cemetery projects with re-assessed the updated business environment and projection of operating cash flow; and (ii) increased tax expenses incurred by certain subsidiaries due to variable tax factors.

Net loss of the Group for 1H2025 amounted to approximately RMB263.9 million, down approximately RMB627.0 million from net profit of approximately RMB363.1 million for 1H2024. The deterioration mainly reflected the decrease in operating profit, partially offset by lower income tax expenses.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### *Financial position of the Group*

|                                                                  | As at December 31, |                  |                  | As at            |
|------------------------------------------------------------------|--------------------|------------------|------------------|------------------|
|                                                                  | 2022               | 2023             | 2024             | June 30,         |
|                                                                  | RMB'000            | RMB'000          | RMB'000          | RMB'000          |
|                                                                  | (Audited)          | (Audited)        | (Audited)        | (Unaudited)      |
| <b>Non-current assets</b>                                        | <b>4,359,209</b>   | <b>4,634,226</b> | <b>4,624,213</b> | <b>4,390,160</b> |
| Current assets                                                   |                    |                  |                  |                  |
| — Inventories                                                    | 558,958            | 557,991          | 576,326          | 558,421          |
| — Trade and other receivables                                    | 423,116            | 222,383          | 132,922          | 144,049          |
| — Financial assets at fair value through profit or loss          | 487,883            | 776,501          | 589,176          | 311,892          |
| — Time deposits                                                  | 33,467             | 167,746          | 188,375          | 171,238          |
| — Bank balances and cash                                         | 1,942,233          | 2,295,467        | 2,056,626        | 1,622,742        |
| — Contract assets                                                | 11,025             | 13,473           | 13,559           | 12,976           |
| — Assets classified as held for sale                             | —                  | —                | —                | 26,801           |
| <b>Total current assets</b>                                      | <b>3,456,682</b>   | <b>4,033,561</b> | <b>3,556,984</b> | <b>2,848,119</b> |
| <b>Total assets</b>                                              | <b>7,815,891</b>   | <b>8,667,787</b> | <b>8,181,197</b> | <b>7,238,279</b> |
| <b>Non-current liabilities</b>                                   | <b>667,766</b>     | <b>835,737</b>   | <b>861,949</b>   | <b>815,080</b>   |
| Current liabilities                                              |                    |                  |                  |                  |
| — Trade and other payables                                       | 699,530            | 658,344          | 667,564          | 864,674          |
| — Borrowings                                                     | —                  | 200,000          | —                | —                |
| — Lease liabilities                                              | 25,239             | 23,156           | 19,752           | 13,400           |
| — Contract liabilities                                           | 96,456             | 105,808          | 123,435          | 116,791          |
| — Loans from non-controlling shareholders of subsidiaries        | 32,958             | 29,438           | 30,466           | 30,472           |
| — Dividends payable                                              | —                  | 36,000           | 110,124          | 448,655          |
| — Income tax liabilities                                         | 179,938            | 205,440          | 212,079          | 83,563           |
| — Liabilities associated with assets classified as held for sale | —                  | —                | —                | 13               |
| <b>Total current liabilities</b>                                 | <b>1,034,121</b>   | <b>1,258,186</b> | <b>1,163,420</b> | <b>1,557,568</b> |
| <b>Total liabilities</b>                                         | <b>1,701,887</b>   | <b>2,093,923</b> | <b>2,025,369</b> | <b>2,372,648</b> |
| <b>Net assets</b>                                                | <b>6,114,004</b>   | <b>6,573,864</b> | <b>6,155,828</b> | <b>4,865,631</b> |
| Net assets attributable to Shareholders                          | 5,475,758          | 5,920,055        | 5,561,154        | 4,291,235        |
| Gearing ratio <sup>Note 1</sup>                                  | 21.8%              | 24.2%            | 24.8%            | 32.8%            |

*Note:*

- Gearing ratio represents the Group's total liabilities divided by the Group's total assets.

### *Assets*

Total assets of the Group amounted to approximately RMB7,815.9 million, RMB8,667.8 million, RMB8,181.2 million and RMB7,238.3 million as at December 31, 2022, December 31, 2023, December 31, 2024 and June 30, 2025, respectively. Total assets increased from approximately RMB7,815.9 million as at December 31, 2022 to approximately RMB8,667.8 million as at December 31, 2023, which was primarily driven by the increase in bank balances and cash and financial assets at fair value through profit or loss (which are primarily short-term financial products offered by banks for cash management), reflecting the strong

performance and cash generation of the Group in FY2023. Total assets subsequently declined to approximately RMB8,181.2 million as at December 31, 2024 and further declined to approximately RMB7,238.3 million as at June 30, 2025. The decrease in total assets during FY2024 was mainly attributable to (i) cash balances used in bank loan repayment of approximately RMB200.0 million and total dividend distributions of approximately RMB852.6 million; (ii) impairment losses recognized on property and equipment, intangible assets, cemetery assets and goodwill of approximately RMB104.2 million based on expectation of business operating environment, in particular the regulatory environment; (iii) impairment losses under expected credit loss model, net of reversal of approximately RMB23.6 million; and (iv) partially offset by the strong net cash inflow from operating activities of approximately RMB708.5 million during FY2024. The decrease in total assets during 1H2025 was mainly attributable to (i) cash balances used in total dividend distributions of approximately RMB677.4 million; and (ii) impairment losses recognized on property and equipment, intangible assets, cemetery assets and goodwill of approximately RMB217.6 million based on expectation of business operating environment.

As at December 31, 2022, December 31, 2023, December 31, 2024 and June 30, 2025, current assets represent approximately 44.2%, 46.5%, 43.5% and 39.3% of total assets. Current assets mainly comprised of bank balances and cash, time deposits, financial assets, inventories and receivables. Non-current assets mainly comprised of cemetery assets, goodwill arisen from acquisitions, property and equipment and intangible assets in relation to concession rights and license for funeral services.

We note that the Group maintains a substantial asset base to support its operation. As at December 31, 2022, December 31, 2023, December 31, 2024 and June 30, 2025, the carrying amount of cemetery assets (including land, landscape facilities and development costs), right-of-use assets, intangible assets (mainly concession rights) and property and equipment, recognized at cost less accumulated impairments, in total amounted to approximately RMB2,892.8 million, RMB3,044.2 million, RMB2,998.0 million and RMB2,909.2 million respectively. We also note that the Group is cash-rich and has strong liquidity. As at December 31, 2022, December 31, 2023, December 31, 2024 and June 30, 2025, bank balances and cash amounted to approximately RMB1,942.2 million, RMB2,295.5 million, RMB2,056.6 million and RMB1,622.7 million respectively and financial assets and time deposit amounted to approximately RMB559.5 million, RMB1,144.2 million, RMB985.2 million and RMB693.7 million respectively.

### *Liabilities*

Total liabilities of the Group amounted to approximately RMB1,701.9 million, RMB2,093.9 million, RMB2,025.4 million and RMB2,372.6 million as at December 31, 2022, December 31, 2023, December 31, 2024 and June 30, 2025, respectively. Total liabilities increased from approximately RMB1,701.9 million as at December 31, 2022 to approximately RMB2,093.9 million as at December 31, 2023, primarily due to an increase in short term unsecured bank borrowings of RMB200 million during FY2023. During the same year, the Company also made a long term time deposit of RMB200.0 million. Total liabilities lowered to approximately RMB2,025.4 million as at December 31, 2024, mainly as a result of the repayment of the bank borrowings, partially offset by the increase in payable for special dividend proposed for FY2024 and addition of lease liabilities for new leased properties. Total liabilities increased to approximately RMB2,372.6 million as at June 30, 2025, mainly attributable to the increase in current liabilities, in particular trade and other payables and dividends payable, during 1H2025.

It should be noted that the Group has no bank borrowings except for a short term bank loan of RMB200 million drawn in FY2023 and was subsequently repaid in FY2024. As at December 31, 2022, December 31, 2023, December 31, 2024 and June 30, 2025, trade and other payables, dividends payable and contract liabilities were the major liabilities of the Group, which together accounted for approximately 73.6%, 61.8%, 69.9% and 81.9% of the total liabilities of the Group, respectively.

### *Gearing*

The Group has been maintaining low gearing ratios (representing the Group's total liabilities divided by the Group's total assets) of approximately 21.8%, 24.2%, 24.8% and 32.8% as at December 31, 2022, December 31, 2023, December 31, 2024 and June 30, 2025, respectively. Notwithstanding the recent market adjustments, the Group did not hold any outstanding bank borrowings or other loans except for loans from non-controlling shareholder of approximately RMB30.5 million as at June 30, 2025, and maintained its gearing at a controlled level. This reflects the Group's healthy financial conditions and prudent financial management strategy of limiting leverage in its operations and controlling exposure to interest rate risk.

### *Dividend*

The Group has established a consistent and stable dividend policy to reward Shareholders for their long-standing support and recognition. The Company declared total dividend including interim, special and final dividends of HK37.31 cents and HK54.74 cents per Share to the Shareholders for FY2023 and FY2024, respectively, and declared an interim dividend of HK7.00 cents per Share for the six months ended June 30, 2025, which were all paid subsequent to the declarations.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The Company has a track record of continuously distributing and paying interim, special and final dividends over the years which reflects its sound financial position, disciplined cash flow management, and strategic stability. Moreover, its ability to maintain a strong cash position after making these distributions demonstrates the Company's continued capacity to generate reliable and robust operating cash flows.

### *Overall financial position and liquidity*

As analyzed above, the Group has a strong financial position by maintaining a high level of cash balance and robust liquidity. For the year end of FY2022 to FY2024, the Group has been consistently maintaining a sizeable cash balance (including time deposits and bank balances and cash) above RMB1,900 million and still retained around RMB2,004.6 million as at June 30, 2025. In addition, the Group also held sizable financial assets at fair value through profit or loss ("FVTPL"), being short-term financial products for cash management purpose, which ranged from RMB526 million to RMB777 million from FY2022 to FY2024 and stayed at around RMB311.9 million as at June 30, 2025. Such a robust liquidity position provides a solid foundation for the Group's day-to-day operational needs as well as its longer-term expansion plans.

As at June 30, 2025, the Group had no outstanding bank borrowings and held time deposits, FVTPL and bank balances and cash of approximately RMB2,316.5 million, representing approximately RMB1.00 per Share of the Group (equivalent to approximately HK\$1.18 per Share) ("**Cash per Share**") which is 11.8 times the Offer Price of HK\$0.10 per Share. The unaudited net asset value attributable to Shareholders as at June 30, 2025 amounted to approximately RMB4,291 million, representing approximately RMB1.85 per Share of the Group (equivalent to approximately HK\$2.18 per Share) ("**NAV per Share**"), which is approximately 21.8 times the Offer Price. Notably, the substantial multiples reflect the significant level of discount of the Offer Price comparing to the Group's underlying net asset value and cash position.

### *Industry Overview*

With the continued economic and social development of the PRC and the improvement in living standards, consumers have placed increasing emphasis on the quality, diversity and dignity of death care services.

According to the Statistical Communiqués of the PRC on the National Economic and Social Development (中華人民共和國國民經濟和社會發展統計公報) (the "**Communiqués**") published by the National Bureau of Statistics of the PRC (the "**NBS**"), urbanisation rate of the PRC reached 67.89% at the end of 2025, representing an increase by approximately 0.89 percentage points as compared to that of the end of 2024, while its urban permanent resident population amounted to approximately 953.8 million. As reported by the Communiqués, the PRC's population aged 60 and above amounted to approximately 323.4 million at the end of 2025, representing 23.0% of its total

population. According to the NBS, the PRC's per capita expenditure on services increased by 7.4% to RMB13,016 in 2024 and further increased by 4.5% to RMB13,602 in 2025, accounting for 46.1% of total per capita consumption expenditure in each of 2024 and 2025. Alongside improving living standards and the continued expansion of service consumption, consumers are expected to attach greater importance to higher-quality, diversified and personalised service offerings. Such changes in consumer preferences are likely to facilitate the service upgrading and long-term development of the death care services industry.

Moreover, revised Funeral Management Regulations (《殯葬管理條例》) has promulgated on December 12, 2025 and came into effect on March 30, 2026, reinforcing the public welfare nature of the death care industry and strengthening the regulatory framework governing funeral facilities, funeral and burial services and related operations. The continued enhancement of the regulatory and service-standard framework is expected to impose more stringent compliance requirements and raise the operational thresholds for market participants. There are uncertainties in the exact impact of the regulatory movements including the actual responses of the market players and local authorities. Nonetheless, we consider that the Group, as a leading participant in the industry with an established operating network, extensive industry experience and compliance capabilities, is comparatively well positioned to adapt to the evolving regulatory environment and further consolidate its market position.

Taking into account the abovementioned macroeconomic, demographic, consumption and regulatory developments, we consider that the industry environment of death care services in the PRC should provide a favorable foundation for the Group's long-term and sustainable development.

### ***Prospect of the Group***

According to the 2025 Interim Report, the Group, as a leading provider of funeral and life technology services in the PRC, has maintained an extensive business footprint across 19 provinces, autonomous regions and municipalities in the PRC, and had approximately 2.82 million sq.m. of saleable area for burial plots as at June 30, 2025. During the six months ended June 30, 2025, the Group sold 7,308 burial plots, provided funeral services to 26,007 customers and entered into 10,252 pre-need contracts.

We have obtained and reviewed the operational information of the Group provided by the management of the Company and consider that the Questionable Transactions and the suspension of trading do not have any material impact on the business operations of the Group, which continues to maintain stable sales of burial plots and funeral services to customers and is able to sustain a substantial cash balance, as discussed and evidenced in the subsection headed "Overall financial position and liquidity" above.

As discussed in the Response Document, the Group's principal businesses, service network and day-to-day operations have continued in all material respects as normal and have not experienced any material interruption as a result of the suspension of trading in the Shares. Looking ahead, the Group will continue to build on its existing cemetery and funeral businesses and, taking into account changes in demographic structure, customer needs, industry policies and market conditions, steadily enhance its existing products and services and improve its service quality and operational capabilities.

**4. Major development of the Group subsequent to FY2024**

***Independent Forensic Investigation in relation to the Questionable Transactions***

As disclosed in the announcement of the Company dated July 10, 2026, the Special Investigation Committee appointed Ernst & Young (China) Advisory Limited on March 22, 2026 as the independent forensic accounting investigator to undertake the Independent Forensic Investigation into certain matters identified in relation to the Questionable Transactions, which required further verification and assessment and had led to the delay in the publication of the annual results for the year ended December 31, 2025 and the despatch of the annual report for the year ended December 31, 2025. During the preparation of the annual results for the year ended December 31, 2025, the Group noted a payment relating to an asset procurement transaction in the amount of approximately RMB3 million. As at the Latest Practicable Date, the Forensic Accountant has completed its data collection to the extent practicable and substantially completed the Independent Investigation Report. The Forensic Accountant identified a total of 64 Questionable Transactions (excluding five double-counting transactions) within the scope of the Independent Forensic Investigation, amounting to approximately RMB22.8 million in aggregate. Notwithstanding the limitations in the Independent Forensic Investigation, the Board and the Special Investigation Committee consider that the Independent Investigation Report has adequately addressed each of the Questionable Transactions based on best-available information provided. Remedial measures for the Questionable Transactions included replacement of finance personnel responsible for fund review duties in connection with the Questionable Transactions, updated treasury management policy and arrangement of relevant training courses. The Company will, as and when appropriate, announce the further remedial measures and follow-up actions recommended by the Special Investigation Committee, and will make further announcement(s) as soon as practicable in respect of the conclusions and recommendations of the Special Investigation Committee and the Board. Please refer to the announcement of the Company dated September 16, 2026, in relation to the quarterly update on progress of resumption, for further details of the Questionable Transactions. Despite the Questionable Transactions, it was noted that the current amount subject to the Independent Forensic Investigation of approximately RMB22.8 million is relatively insignificant in the context of the Group's overall financial position, representing merely approximately 0.3% of the Group's total assets of approximately RMB7,238.3 million as at June 30, 2025.

***The audited annual results for the financial year ended December 31, 2025***

As at the Latest Practicable Date, the Company has yet to publish the audited annual results for the financial year ended December 31, 2025. With reference to the announcements of the Company dated March 19, 2026, March 20, 2026, March 31, 2026, April 27, 2026, June 18, 2026 and September 16, 2026, the Company could not publish its annual results for the financial year ended December 31, 2025 by 31 March 2026, and accordingly, trading in the Shares on the Stock Exchange has been suspended since March 20, 2026 and continued to suspend as at the Latest Practicable Date. The delay in publication of the annual results for the financial year ended December 31, 2025 constitutes a non-compliance with Rule 13.49(1) of the Listing Rules. Such non-compliance has led to the receipt of Resumption Guidance from the Stock Exchange as discussed further below. No date has yet been fixed for the relevant publication or dispatch.

***The interim results for the six months ended June 30, 2026***

As at the Latest Practicable Date, the Company has yet to publish the interim results for the six months ended June 30, 2026. With reference to the announcement of the Company dated August 14, 2026, the Company considers that it will not be able to publish the interim results for the six months ended June 30, 2026 by August 31, 2026 and despatch the interim report for the six months ended June 30, 2026 by September 30, 2026 due to the audit progress in respect of the annual results for the year ended December 31, 2025. The delay in publication of the interim results for the six months ended June 30, 2026 constitutes a non-compliance with Rule 13.49(6) of the Listing Rules. No date has yet been fixed for the relevant publication or dispatch. However, as advised by the management of the Company, the Company is compiling and providing the necessary information and documents requested by the auditor of the Company to complete the audit in respect of the annual results for FY2025 and the review procedures in respect of the interim results for the six months ended June 30, 2026.

***Resumption Guidance***

Reference is made to the announcement of the Company dated June 18, 2026 in relation to the Resumption Guidance and the announcement of the Company dated September 16, 2026 in relation to, among others, the quarterly update on progress of resumption. On June 16, 2026, the Company received a letter from the Stock Exchange setting out the Resumption Guidance. The Stock Exchange requires the Company to meet all requirements set out in the Resumption Guidance, remedy the issues causing its trading suspension and fully comply with the Listing Rules, including but not limited to the conduct of an independent forensic investigation, publication of all outstanding financial results required and addressing any audit modifications, demonstration that there is no reasonable regulatory concern about the integrity, competence and/or character of the

Group's management and/or any persons with substantial influence over the Company's management and operations and engagement of an independent internal control consultant etc., all to the Stock Exchange's satisfaction before trading in its shares is allowed to resume. The Stock Exchange further indicated that it may modify or supplement the Resumption Guidance if the Company's situation changes. In response to the Resumption Guidance, as at the Latest Practicable Date, (i) the Forensic Accountant has substantially completed the Independent Investigation Report, and the Board and the Special Investigation Committee consider that the Independent Investigation Report has adequately addressed each of the Questionable Transactions based on best-available information provided; (ii) the Company will continue to work closely with the auditor of the Company and take all necessary measures to publish all outstanding financial results required under the Listing Rules; (iii) the audit committee and the compliance committee of the Company have commenced the relevant work for the appointment of the internal control consultant for internal control review, which is currently at the stage of shortlisting; (iv) the Board's assessment of the integrity, competence and character of the management and/or any persons with substantial influence over the Company's management and operations will be conducted after the Stock Exchange has completed its enquiries in relation to the Independent Investigation Report and the internal control review has been concluded; (v) the Board considers that the Group continues to maintain business operations of substance that are viable and sustainable, together with sufficient assets to support its operation; and (vi) the Company will continue to keep the Shareholders and other investors informed of any relevant material developments by making further announcement(s) as and when appropriate under the Listing Rules. Under Rule 6.01A(1) of the Listing Rules, the Stock Exchange may cancel the listing of any securities that have been suspended from trading for a continuous period of 18 months. In the case of the Company, the 18-month period expires on September 19, 2027. As advised by the management of the Company, the Company is taking all practicable steps and implementing the necessary measures to facilitate the resumption of trading as soon as practicable.

#### **5. Scenarios based on the different level of valid acceptances under the Partial Offer**

Notwithstanding that there is a potential risk that the listing status of the Company might be cancelled by the Stock Exchange should the Company be unable to fulfill to the requirements under the Resumption Guidance, Qualifying Shareholders should note that the Offeror is making Partial Offer to acquire up to 115,000,000 Offer Shares, representing approximately 4.96% of the Company's issued share capital of the Company.

In the event that valid acceptances are received by the Offeror of an amount not more than 115,000,000 Offer Shares under the Partial Offer, the subject Qualifying Shareholders would be able to realise all of their shareholding tendered and accepted under the Partial Offer at the Offer Price.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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In the event that valid acceptance are received by the Offeror exceed 115,000,000 Offer Shares under the Partial Offer, depending on the actual level of Shares being tendered, the number of Offer Shares from each individual Qualifying Shareholder to be taken up by the Offeror will be determined based on the formula as set out under “The Partial Offer — Acceptance of the Partial Offer” in the “Letter from Alpha Financial” of the Offer Document. Hence, under such circumstances, only a portion of the Shares tendered by the Qualifying Shareholders will be taken up by the Offeror and the remaining portion of their shareholding in the Company, i.e. the portion which is not taken up by the Offeror under the Partial Offer and the Shares not tendered by the Qualifying Shareholder (if any), will be retained by the subject Qualifying Shareholder.

Since the identification of the Questionable Transactions which led to the delay in publication of the annual results for the financial year ended December 31, 2025, the Board and the management of the Company have been working closely with its professional advisers and proactively taking all necessary and appropriate steps, including but not limited to, (i) the establishment of Special Investigation Committee to commence an independent investigation into the Questionable Transactions; (ii) the engagement of the Investigator to conduct the Investigation; (iii) the Forensic Accountant has completed data collection to the extent practicable and substantially completed the Independent Investigation Report; (iv) the Audit Committee and the Compliance Committee are at the stage of shortlisting for internal control consultant to review the internal control system of the Company; and (v) progress update announcements on the resumption, to comply with the Resumption Guidance with the aim to resume trading in its Shares on the Stock Exchange as soon as practicable.

In the event that the listing status of the Company is cancelled by the Stock Exchange, Shareholders will be holding Shares in an unlisted public company and there may or may not be an active market for the trading of the Shares as the Shares will no longer be listed on the Stock Exchange.

However, even though the Shares held by the Qualifying Shareholders become delisted as a result of failure to meet all Resumption Guidance by the Company before the deadline, the unlisted status of the Shares does not necessarily mean that the value attributable to the Shares has vanished. In particular, for those Qualifying Shareholder accepting the Partial Offer, they are in effect accepting an offer for the Company at a discount of more than 90% to the NAV per Share of approximately HK\$2.18 based on the unaudited consolidated net asset value attributable to owners of the Company of approximately RMB4,291.2 million as at June 30, 2025, reflecting sound financial position of the Group. We are of the view that the fairness and reasonableness of the Partial Offer should not be solely determined on the potential risk relating to the cancellation of the listing status of the Company, Qualifying Shareholders should consider the value under the Partial Offer, details of our analysis are set out in the paragraph headed “7. Offer Price” and “8. Comparison of other comparable companies” in this letter below as well as the future development of the Company as set out in the paragraph headed “3. Historical financial information and prospects of

the Group” in this letter. The Qualifying Shareholders should exercise caution and consider his/her/its own individual circumstances and investment objectives before making decision on accepting the Partial Offer.

Should the Qualifying Shareholders accept the Partial Offer, it may also result in their holding odd lots of Shares. Accordingly, AFG Securities has been appointed by the Offeror to match sales and purchases of odd lot holdings of Shares on a best efforts basis for a period of six weeks following the close of the Partial Offer to assist such Shareholders in disposing their odd lots or to top up their odd lots to whole board lots. As stated in the Offer Document, Shareholders should note that the matching of odd lots is not guaranteed.

Qualifying Shareholders should also be aware that the realisable price of odd lot Shares may be different from (i) the trading price of board lot Shares prior to the suspension of trading; and (ii) the Offer Price.

Please refer to section headed “Odd lots” in the “Letter from Alpha Financial” of the Offer Document for further details.

#### **6. Information of the Offeror and her intention in relation to the Group**

According to the Offer Document, the Offeror is a professional investor with over 10 years’ experience in the financial industry. She has been working as a unit manager at Prudential Hong Kong Limited since September 2025. From July 2013 to October 2014, she worked at the asset management position in the financial markets department of the head office of Bank of Ningbo Company Limited. From November 2014 to November 2019, she worked at the foreign exchange trading position in the financial markets investment headquarters at China Merchants Securities Company Limited. From November 2019 to September 2024, she worked at China Merchants Securities (HK) Co., Limited with her last position as the vice president at the financial markets innovation department. She obtained her Bachelor’s degrees in Economics and Law in 2010 and a Master’s degree in Economics in 2013 from Fudan University, China.

The Offeror stated that the Partial Offer is intended to acquire a passive investment interest in the Company, and that she has no plan or intention to (i) become a substantial Shareholder (as the term is defined in the Listing Rules); (ii) to seek control or consolidate control (as the term is defined in the Takeovers Code) of the Company; or (iii) to influence or be involved in the operations or business of the Company (including, without limitation, from the perspectives of how it is to be continued, major changes (if any) which may be introduced, or employment of employees of the Company and of any of its subsidiaries) other than through the exercise of rights attached to Shares. The Partial Offer is uninvited and as at the Latest Practicable Date, the Offeror and the Board have not had any discussion on the long-term strategic and development plan on the Group and its employees. Further, as no concrete or detailed plan was provided by the Offeror in the Offer Document for the business of the Group and its employees, the Board is unable to form any view on the Offeror’s intentions in respect of the Group and its employees.

We noted that the intention of the Offeror is to establish a passive equity position in the Company by way of Partial Offer. Assuming that there is a full acceptance of 115,000,000 Offer Shares under the Partial Offer and according to the Offer Document, the Offeror and parties acting in concert with her did not hold any other Shares, the Offeror and parties acting in concert with her would hold approximately 4.96% of the issued share capital of the Company. On this assumption and given this minority stake, we are of the view that the Offeror and parties acting in concert with her will not exert substantial influence or involvement over the Company's business or operations, other than through the exercise of rights ordinarily attached to the Shares.

## **7. Offer Price**

### ***(a) Comparison of Offer Price***

The Offer Price of HK\$0.1 per Offer Share represents:

- (i) a discount of approximately 96.21% to the closing price of HK\$2.64 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 96.32% to the average closing price of HK\$2.72 per Share, being the average of the closing prices of the Shares as quoted on the Stock Exchange for the last 5 consecutive trading days up to and including the Last Trading Day;
- (iii) a discount of approximately 96.38% to the average closing price of HK\$2.76 per Share, being the average of the closing prices of the Shares as quoted on the Stock Exchange for the last 10 consecutive trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 96.31% to the average closing price of HK\$2.71 per Share, being the average of the closing prices of the Shares as quoted on the Stock Exchange for the last 30 consecutive trading days up to and including the Last Trading Day;
- (v) a discount of approximately 96.47% to the audited consolidated net asset value attributable to owners of the Company of HK\$2.83 per Share as at December 31, 2024, calculated based on the audited consolidated net asset value attributable to owners of the Company of approximately RMB5,561,154,000 (equivalent to approximately HK\$6,570,503,451) as at December 31, 2024 and 2,319,863,422 Shares in issue as at the Latest Practicable Date, and applying RMB: HKD exchange rate of 1:1.1815 as published by Hong Kong Association of Banks on its website as at Latest Practicable Date;
- (vi) a discount of approximately 95.41% to the unaudited consolidated net asset value attributable to owners of the Company of HK\$2.18 per Share as at June 30, 2025, calculated based on the unaudited consolidated net asset value attributable to owners of the Company of

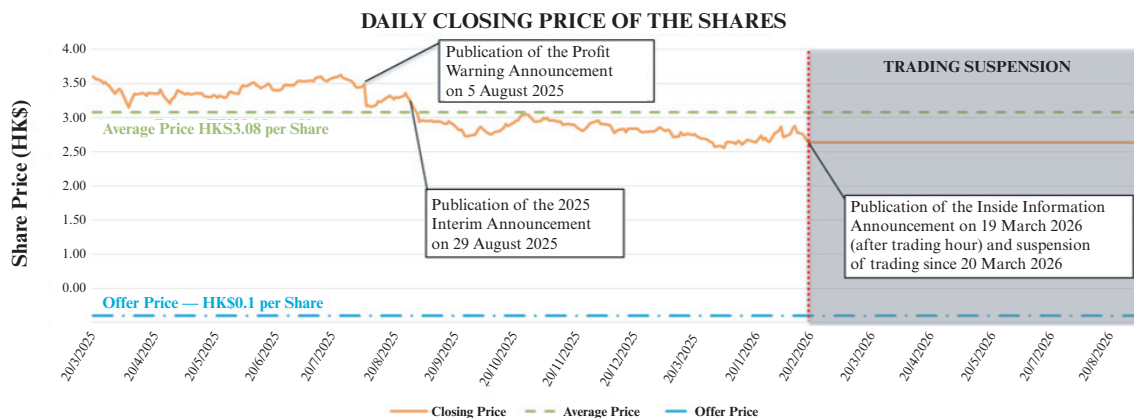
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approximately RMB4,291,235,000 (equivalent to approximately HK\$5,070,094,153) as at June 30, 2025 and 2,319,863,422 Shares in issue as at the Latest Practicable Date, and applying RMB: HKD exchange rate of 1:1.1815 as published by Hong Kong Association of Banks on its website as at the Latest Practicable Date; and

- (vii) a discount of approximately 91.53% to the Cash per Share of RMB1.00 (equivalent to approximately HK\$1.18) as at June 30, 2025, calculated based on the unaudited consolidated time deposits, FVTPL and bank balances and cash of the Company of approximately RMB2,316.5 million as at June 30, 2025 and 2,319,863,422 Shares in issue as at the Latest Practicable Date, and applying RMB: HKD exchange rate of 1:1.1815 as published by Hong Kong Association of Banks on its website as at the Latest Practicable Date.

### *(b) Historical price performance of the Shares*

To assess the fairness and reasonableness of the Offer Price, we have performed a review on the daily closing prices of the Shares from March 20, 2025 to March 19, 2026, being the last trading day before the trading suspension of Shares (the “**Review Period**”). We consider that the duration of the Review Period would be a reasonable and sufficient period to illustrate the closing price movement of the Shares as it covered reasonably sufficient duration prior to trading suspension of Shares to fully reflect the market reaction on the Shares. The daily closing prices of the Shares for the Review Period and up to the Last Trading Day are illustrated as follows:



Source: [www.hkex.com.hk](http://www.hkex.com.hk)

As shown in the chart above, during the Review Period, the average share price was approximately HK\$3.08 per Share (the “**Average Share Price**”). The daily closing price ranged from HK\$2.56 per Share (the “**Lowest Share Price**”) to HK\$3.63 per Share (the “**Highest Share Price**”) during the Review Period. The Offer Price of HK\$0.1 represents (i) a discount of approximately 96.1% to the Lowest Share Price; (ii) a discount of approximately 97.2% to the Highest Share Price; and (iii) a discount of approximately 96.8% to the Average Share Price for the Review Period.

We noted that the share price experienced fluctuation between HK\$3.08 and HK\$3.63, reaching the Highest Share Price on 24 July 2025, prior to publication of profit warning announcement of the Company on 5 August 2025 (the “**Profit Warning Announcement**”). Following the Profit Warning Announcement, the share price dropped from HK\$3.49 to HK\$3.21 from August 5, 2025 to August 29, 2025 on which the Company published its interim results announcement for the six months ended June 30, 2025 (the “**2025 Interim Announcement**”). The 2025 Interim Announcement disclosed the Group’s net loss of approximately RMB263.9 million for the six months ended June 30, 2025, which appeared to intensify negative market sentiment. After publication of the 2025 Interim Announcement, the share price continued the downward trend with occasional rebounds, and reached the Lowest Share Price on February 4, 2026. On 19 March 2026, the Company announced an inside information announcement in relation to, among others, possible delay in publication of annual results and annual report of the Group for the year ended December 31, 2025; and subsequently, the trading of the Shares has been suspended since March 20, 2026 up to the Latest Practicable Date.

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### *(c) Historical trading liquidity of the Shares*

The following table sets out the trading volume of the Shares during the Review Period:

| Month/Period                       | Total trading volume<br>(No. of Share) | No. of trading days | Average daily trading volume of the Shares | Percentage of average daily trading volume to the total number of Shares in issue<br>(Note 1) | Percentage of average daily trading volume to the total number of Shares held by the public<br>(Note 2) |
|------------------------------------|----------------------------------------|---------------------|--------------------------------------------|-----------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------|
| <i>Year 2025</i>                   |                                        |                     |                                            |                                                                                               |                                                                                                         |
| March (from March 20, 2025)        | 107,724,761                            | 8                   | 13,465,595                                 | 0.58%                                                                                         | 1.13%                                                                                                   |
| April                              | 208,285,405                            | 19                  | 10,962,390                                 | 0.47%                                                                                         | 0.92%                                                                                                   |
| May                                | 124,402,600                            | 20                  | 6,220,130                                  | 0.27%                                                                                         | 0.52%                                                                                                   |
| June                               | 143,430,903                            | 21                  | 6,830,043                                  | 0.29%                                                                                         | 0.57%                                                                                                   |
| July                               | 167,462,919                            | 22                  | 7,611,951                                  | 0.33%                                                                                         | 0.64%                                                                                                   |
| August                             | 302,195,599                            | 21                  | 14,390,267                                 | 0.62%                                                                                         | 1.20%                                                                                                   |
| September                          | 331,493,906                            | 22                  | 15,067,905                                 | 0.65%                                                                                         | 1.26%                                                                                                   |
| October                            | 188,691,140                            | 20                  | 9,434,557                                  | 0.41%                                                                                         | 0.79%                                                                                                   |
| November                           | 132,434,517                            | 20                  | 6,621,726                                  | 0.29%                                                                                         | 0.55%                                                                                                   |
| December                           | 96,768,058                             | 21                  | 4,608,003                                  | 0.20%                                                                                         | 0.39%                                                                                                   |
| <i>Year 2026</i>                   |                                        |                     |                                            |                                                                                               |                                                                                                         |
| January                            | 182,761,292                            | 21                  | 8,702,919                                  | 0.38%                                                                                         | 0.73%                                                                                                   |
| February                           | 148,818,804                            | 17                  | 8,754,047                                  | 0.38%                                                                                         | 0.73%                                                                                                   |
| March (up to the Last Trading Day) | 277,953,536                            | 14                  | 19,853,824                                 | 0.86%                                                                                         | 1.66%                                                                                                   |

Source: [www.hkex.com.hk](http://www.hkex.com.hk)

*Notes:*

1. Based on the average daily trading volume of Shares divided by the total issued Shares as at the month (i.e. 2,319,863,422 Shares throughout the Review Period).
2. Based on the average daily trading volume of Shares divided by the total number of Shares held by public Shareholders (i.e. 1,195,456,518 Shares throughout the Review Period).

As shown in the table above, during the Review Period, the trading liquidity of the Shares remains steady with the average daily trading volume ranging from approximately 0.20% to 0.86% of the total number of Shares in issue as at the Last Trading Day; and with the average daily trading volume ranging from approximately 0.39% to 1.66% of the total number of Shares held by the public as at the Last Trading Day. There are 169 out of 246 trading days during the Review Period which recorded trading volume of more than 0.5% of the total number of Shares held by the public and only 47 out of 246 trading days during the Review Period which recorded trading volume of more than 1% of the total number of Shares held by the public. This indicates that the liquidity of the Shares had been

generally thin during the Review Period. Nonetheless, as trading of the Shares has suspended for over 6 months, the historical trading volume may not be able to provide a representative view on the Shares' liquidity in the event of trading resumption of the Shares.

#### 8. Comparison with other comparable companies

As part of our analysis, we have also carried out market comparable analysis on the valuation of comparable companies listed on the Main Board and GEM of the Stock Exchange. Having considered that (i) the 2025 Interim Report represents the latest financial information we could obtain as at the Latest Practicable Date while the Group was loss making for the six months ended June 30, 2025; (ii) the annual results of the Company for the year ended December 31, 2025 have not been published by the Company as at the Latest Practicable Date and thus not being available for our analysis; and (iii) the Company is primarily engaged in burial services, funeral services and other services which are capital-intensive and require substantial investment in fixed assets and ongoing capital expenditure for cemetery development and maintenance, we are of the view that using the valuation metrics of price-to-sales ("P/S") ratio and price-to-book ("P/B") ratio are appropriate in our market comparable analysis.

We have identified comparable companies based on the following criteria: (i) the shares of the companies are trading on the Main Board and GEM of the Stock Exchange; (ii) the companies are primarily engaged in burial and funeral services in the PRC; and (iii) positive net assets values were recorded in their latest published financial statements. We have scrutinized the annual report/interim reports of listed companies in the burial and funeral industries, and identified a total of three comparable companies (the "**Comparable Companies**"), which to the best of our knowledge represent the exhaustive list that meet the aforesaid selection criteria and are considered fair and representative. Given that the Group continues to maintain normal business operations despite a suspension of trading in the Shares since March 20, 2026, we consider it is meaningful to compare the implied P/S ratio (the "**Implied P/S Ratio**") and implied P/B ratio (the "**Implied P/B Ratio**") of the Company based on the Offer Price against the corresponding valuation multiples of the Comparable Companies that are primarily engaged in burial, funeral, and related services.

Nonetheless, Shareholders or potential investors should note that the business, operations, market capitalization and prospects of the Comparable Companies are not the same as those of the Company, and we have not conducted any in-depth investigation into the business and operations of the Comparable Companies.

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| Company name<br>(stock code)                                                | Market<br>capitalization<br>(Note 1)<br>HK\$'000 | Revenue<br>HK\$'000 | Net assets<br>attributable to<br>owners of the<br>company<br>(Note 2)<br>HK\$'000 | P/S ratio | P/B ratio |
|-----------------------------------------------------------------------------|--------------------------------------------------|---------------------|-----------------------------------------------------------------------------------|-----------|-----------|
| Anxian Yuan China<br>Holdings Limited (922)                                 | 231,022                                          | 196,252             | 835,431                                                                           | 1.17      | 0.27      |
| China Wan Tong Yuan<br>(Holdings) Limited (6966)<br>(Note 5)                | 595,000                                          | 30,405              | 249,257                                                                           | 19.57     | 2.39      |
| Sino-Life Group Limited<br>(8296) (Note 5)                                  | 14,175                                           | 76,045              | 127,633                                                                           | 0.19      | 0.11      |
|                                                                             |                                                  |                     | <b>Maximum</b>                                                                    | 19.57     | 2.39      |
|                                                                             |                                                  |                     | <b>Minimum</b>                                                                    | 0.19      | 0.11      |
|                                                                             |                                                  |                     | <b>Average</b>                                                                    | 6.97      | 0.92      |
|                                                                             |                                                  |                     | <b>Median</b>                                                                     | 1.17      | 0.27      |
| <b>The Company (Note 5)</b>                                                 |                                                  |                     |                                                                                   |           |           |
| Based on the Offer Price<br>(Note 3)                                        | 231,986                                          | 2,430,656           | 5,020,745                                                                         | 0.10      | 0.05      |
| Based on the closing price of<br>the Shares on Last<br>Trading Day (Note 4) | 6,124,439                                        | 2,430,656           | 5,020,745                                                                         | 2.52      | 1.22      |

Source: [www.hkex.com.hk](http://www.hkex.com.hk)

*Notes:*

1. Calculated based on the share price and number of shares in issue of the respective Comparable Companies as at the date of the Offer Announcement.
2. The amounts of net assets attributable to the owners of the company were based on the latest financial results announcements or financial reports of the respective Comparable Companies.
3. Market capitalization of the Company is calculated based on the Offer Price and number of shares in issue on Last Trading Day. The net assets attributable to owners of the Company as at June 30, 2025 is extracted from the 2025 Interim Report.
4. Market capitalization of the Company is calculated based on the closing price of the Shares and number of Shares in issue on Last Trading Day. The net assets attributable to owners of the Company as at June 30, 2025 is extracted from the 2025 Interim Report.
5. For analysis purpose, financials denominated in Renminbi of the Comparable Companies and the Company were converted to Hong Kong Dollars using an exchange rate of HK\$1.17 per RMB1.

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As shown in the table above, the P/S ratio of the Comparable Companies ranged from approximately 0.19 times to approximately 19.57 times, with an average of approximately 6.97 times and a median of approximately 1.17 times. The Implied P/S Ratio of the Company based on the Offer Price of approximately 0.10 times is lower than the minimum P/S ratio of approximately 0.19 times of the Comparable Companies. The Implied P/S Ratio is also much lower than the P/S ratio of the Company (based on market price of the Shares on Last Trading Day) of approximately 2.52 times which falls within the range of the Comparable Companies, and is above the median of approximately 1.17 times but below the average of approximately 6.97 times of the Comparable Companies.

As shown in the table above, the P/B ratio of the Comparable Companies ranged from approximately 0.11 times to approximately 2.39 times, with an average of approximately 0.92 times and a median of approximately 0.27 times. The Implied P/B Ratio of the Company based on the Offer Price is approximately 0.05 times which is much lower than (i) the minimum P/B ratio of 0.11 times of the Comparable Companies; and (ii) the P/B ratio of the Company (based on market price of the Shares on Last Trading Day) of approximately 1.22 times which falls at the upper end of the range and is higher than the average and median of that of the Comparable Companies.

Based on the above analysis and, in particular, having considered that (i) the Offer Price represents a discount of approximately 96.21% to the market price of the Shares on Last Trading Day; (ii) the Offer Price represents a discount of approximately 95.41% to the NAV per Share as at June 30, 2025; (iii) the Offer Price represents a discount of approximately 91.53% to the Cash per Share as at June 30, 2025; and (iv) the Implied P/S ratio is significantly lower than the minimum P/S of the Comparable Companies and the Implied P/B ratio is significantly lower than the minimum P/B Ratio of the Comparable Companies, we are of the view that the Offer Price is not fair and reasonable so far as the Qualifying Shareholders are concerned.

### RECOMMENDATIONS

Having considered the above principal factors and reasons, in particular, the following (which should be read in conjunction with and interpreted in the full context of this letter):

- (i) the Shares have consistently been traded at a price that is significantly higher than the Offer Price during the Review Period before trading suspension whilst the Offer Price represents a significant discount of over 96% to the closing prices on the Last Trading Day, and the average of the closing prices for the last five (5), ten (10) and thirty (30) consecutive trading days up to and including the Last Trading Day;
- (ii) the Offer Price represents a significant discount of approximately 96.47% to the audited NAV per Share as at December 31, 2024 and approximately 95.41% to the unaudited NAV per Share as at June 30, 2025;

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- (iii) the Company is cash-rich and has strong liquidity on the basis that the Offer Price represents a significant discount of approximately 91.53% to the Cash per Share as at June 30, 2025;
- (iv) the Implied P/S ratio is much lower than the minimum P/S of the Comparable Companies and the Implied P/B ratio is much lower than the minimum P/B Ratio of the Comparable Companies;
- (v) the Group as a leading service provider in the market will continue to build on its existing cemetery and funeral businesses and, taking into account changes in demographic structure, customer needs, industry policies and market conditions, steadily enhance its existing products and services and improve its service quality and operational capabilities;
- (vi) the Offeror is only a passive equity investor who intends to hold a minority interest in the Shares and will not exert substantial influence or involvement over the Company's business or operations; and
- (vii) despite the fact that trading in the Company's Shares has been suspended since March 20, 2026, the Company is taking reasonable steps to fulfill the conditions set out in the Resumption Guidance, with a deadline to satisfy the Stock Exchange by September 19, 2027, which is over 11 months away from the Latest Practicable Date.

Having considered the above factors, and irrespective of the uncertainty regarding the trading suspension of the Shares, we are of the opinion that the Partial Offer is **NOT** fair and reasonable so far as the Qualifying Shareholders are concerned, and is **NOT** in the interests of the Qualifying Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Qualifying Shareholders **NOT** to accept the Partial Offer.

In the event that the listing status of the Company is cancelled by the Stock Exchange, Shareholders will be holding Shares in an unlisted public company and there may or may not be an active market for the trading of the Shares as the Shares will no longer be listed on the Stock Exchange. However, even though the Shares held by the Qualifying Shareholders become delisted as a result of failure to meet all Resumption Guidance by the Company before the deadline, the unlisted status of the Shares does not necessarily mean that the value attributable to the Shares has vanished. In particular, the Offer Price represents a significant discount of approximately 96.47% to the audited NAV per Share as at December 31, 2024 and approximately 95.41% to the unaudited NAV per Share as at June 30, 2025. Please refer to the paragraphs headed "5. Scenarios based on the different level of valid acceptances under the Partial Offer" for further details of our discussion.

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Furthermore, the Qualifying Shareholders are also reminded that their decisions to dispose of or hold their investment in the Shares are subject to their individual circumstances and investment objectives and we would recommend any Qualifying Shareholder who may require advice in relation to any aspect of this Response Document, or as to the action to be taken, to consult a licensed securities dealer, bank manager, solicitor, professional accountant, tax adviser or other professional adviser. Qualifying Shareholders should read carefully the procedures for accepting the Partial Offer as detailed in the Offer Document and the accompanying Form of Acceptance.

Yours faithfully,  
For and on behalf of  
**Octal Capital Limited**

**Louis Chan**      **Celina Yuen**  
*Executive Director*      *Director*

*Note:* Mr. Louis Chan has been a responsible officer of Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities since 2008. Mr. Chan has more than 20 years of experience in corporate finance and investment banking and has participated in and completed various advisory transactions in respect of mergers and acquisitions, connected transactions and transactions subject to the compliance to the Takeovers Code of listed companies in Hong Kong. Ms. Celina Yuen is a licensed person and a responsible officer of Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities. Ms. Yuen has over 15 years of experience in corporate finance industry and has participated in and completed various advisory transactions of listed companies in Hong Kong in respect of the Listing Rules and the Takeovers Code.

## 1. SUMMARY OF THE FINANCIAL INFORMATION

The following is a summary of the audited financial information of the Group for each of the three financial years ended December 31, 2022, 2023 and 2024, and the unaudited financial information of the Group for the six months ended June 30, 2025, respectively, as extracted from the relevant published annual reports and the interim reports of the Company for the relevant periods, respectively.

|                                                                                                                  | For the<br>six months<br>ended<br>June 30<br>2025<br><i>RMB'000</i><br>(unaudited) | For the year ended December 31      |                                     |                                     |
|------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
|                                                                                                                  |                                                                                    | 2024<br><i>RMB'000</i><br>(audited) | 2023<br><i>RMB'000</i><br>(audited) | 2022<br><i>RMB'000</i><br>(audited) |
| Revenue                                                                                                          | 610,850                                                                            | 2,077,484                           | 2,628,029                           | 2,171,626                           |
| Operating expenditures                                                                                           |                                                                                    |                                     |                                     |                                     |
| Staff costs                                                                                                      | (180,310)                                                                          | (486,720)                           | (506,360)                           | (463,624)                           |
| Construction costs                                                                                               | (26,020)                                                                           | (114,067)                           | (123,086)                           | (123,266)                           |
| Consumed materials and goods                                                                                     | (55,184)                                                                           | (149,929)                           | (188,935)                           | (162,065)                           |
| Outsourced service costs                                                                                         | (21,769)                                                                           | (51,111)                            | (62,160)                            | (55,417)                            |
| Marketing and sales channel costs                                                                                | (16,724)                                                                           | (41,597)                            | (48,899)                            | (43,155)                            |
| Depreciation and amortisation                                                                                    | (87,818)                                                                           | (173,179)                           | (166,609)                           | (155,953)                           |
| Other general operating<br>expenditures                                                                          | (220,239)                                                                          | (244,376)                           | (171,530)                           | (153,616)                           |
| Inventory changes                                                                                                | (11,713)                                                                           | 21,160                              | 11,708                              | 17,035                              |
| Impairment losses under expected<br>credit loss model (“ECL”), net of<br>reversal                                | (2,684)                                                                            | (23,585)                            | (41)                                | (1,238)                             |
| Impairment losses recognized on<br>property and equipment,<br>intangible assets, cemetery assets<br>and goodwill | (217,638)                                                                          | (104,193)                           | —                                   | —                                   |
| Profit/(loss) from operations                                                                                    | (229,249)                                                                          | 709,887                             | 1,372,199                           | 1,030,327                           |
| Other income, gains and losses                                                                                   | 837                                                                                | 119,842                             | 85,183                              | 74,293                              |
| Share of loss of joint ventures                                                                                  | (3,127)                                                                            | (2,733)                             | (18,436)                            | (7,407)                             |
| Share of profit (loss) of associates                                                                             | 3,770                                                                              | (65)                                | —                                   | —                                   |
| Finance costs                                                                                                    | (4,601)                                                                            | (16,422)                            | (7,392)                             | (5,008)                             |
| Profit/(loss) before taxation                                                                                    | (232,370)                                                                          | 810,509                             | 1,431,554                           | 1,092,205                           |
| Income tax expense                                                                                               | (31,503)                                                                           | (313,181)                           | (455,638)                           | (281,476)                           |
| (Loss) profit for the period/year                                                                                | (263,873)                                                                          | 497,328                             | 975,916                             | 810,729                             |

|                                                                       | For the<br>six months<br>ended<br>June 30<br>2025<br><i>RMB'000</i><br>(unaudited) | For the year ended December 31      |                                     |                |
|-----------------------------------------------------------------------|------------------------------------------------------------------------------------|-------------------------------------|-------------------------------------|----------------|
|                                                                       | 2024<br><i>RMB'000</i><br>(audited)                                                | 2023<br><i>RMB'000</i><br>(audited) | 2022<br><i>RMB'000</i><br>(audited) |                |
| (Loss) profit for period/year<br>attributable to:                     |                                                                                    |                                     |                                     |                |
| Owners of the Company                                                 | (261,411)                                                                          | 373,134                             | 791,240                             | 658,596        |
| Non-controlling interests                                             | <u>(2,462)</u>                                                                     | <u>124,194</u>                      | <u>184,676</u>                      | <u>152,133</u> |
|                                                                       | <u>(263,873)</u>                                                                   | <u>497,328</u>                      | <u>975,916</u>                      | <u>810,729</u> |
| <b>Other comprehensive expense</b>                                    |                                                                                    |                                     |                                     |                |
| Item that may be reclassified<br>subsequently to profit or loss:      |                                                                                    |                                     |                                     |                |
| Exchange differences arising on<br>translation of foreign operations  | <u>(414)</u>                                                                       | <u>376</u>                          | <u>—</u>                            | <u>—</u>       |
| Other comprehensive expense for the<br>period/year, net of income tax | <u>(414)</u>                                                                       | <u>376</u>                          | <u>—</u>                            | <u>—</u>       |
| Total comprehensive (expense)<br>income for the period/year           | <u>(264,287)</u>                                                                   | <u>497,704</u>                      | <u>975,916</u>                      | <u>810,729</u> |
| Total comprehensive (expense)<br>income attributable to:              |                                                                                    |                                     |                                     |                |
| Owners of the Company                                                 | (261,585)                                                                          | 373,292                             | 791,240                             | 658,596        |
| Non-controlling interests                                             | <u>(2,702)</u>                                                                     | <u>124,412</u>                      | <u>184,676</u>                      | <u>152,133</u> |
|                                                                       | <u>(264,287)</u>                                                                   | <u>497,704</u>                      | <u>975,916</u>                      | <u>810,729</u> |
| (Loss)/earnings per share Basic<br>( <i>RMB cent</i> )                | <u>(11.5)</u>                                                                      | <u>16.4</u>                         | <u>34.8</u>                         | <u>29.0</u>    |

The table below sets out the dividend payments of the Company for each of the three years ended December 31, 2022, 2023 and 2024 and for the six months ended June 30, 2025:

| <b>Dividend for the period/year</b>    | <b>Dividend amount per Share</b> | <b>Date of declaration of the dividends by the Board</b> | <b>Payment date of the dividends</b>                    |
|----------------------------------------|----------------------------------|----------------------------------------------------------|---------------------------------------------------------|
| For the six months ended June 30, 2022 | HK\$5.64 cents                   | August 19, 2022                                          | October 13, 2022                                        |
| For the year ended December 31, 2022   | HK\$7.58 cents                   | March 17, 2023                                           | June 30, 2023                                           |
| For the six months ended June 30, 2023 | HK\$9.06 cents                   | August 18, 2023                                          | October 27, 2023                                        |
| For the year ended December 31, 2023   | HK\$6.86 cents                   | March 22, 2024                                           | June 28, 2024                                           |
| Special dividend                       | HK\$21.39 cents                  | March 22, 2024                                           | October 31, 2024                                        |
| For the six months ended June 30, 2024 | HK\$6.38 cents                   | August 23, 2024                                          | October 31, 2024                                        |
| Special dividend                       | HK\$38.82 cents                  | January 24, 2025                                         | April 25, 2025<br>July 25, 2025 and<br>October 31, 2025 |
| For the year ended December 31, 2024   | HK\$9.54 cents                   | March 21, 2025                                           | June 27, 2025                                           |
| For the six months ended June 30, 2025 | HK\$7.00 cents                   | August 29, 2025                                          | November 28, 2025                                       |

## 2. CONSOLIDATED FINANCIAL INFORMATION OF THE GROUP

Set out below are the latest published consolidated financial statements of the Group for each of the three financial years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2025, which are contained in the annual reports of the Company for the years ended December 31, 2022, 2023 and 2024 and the interim report of the Company for the six months ended June 30, 2025, and have been published on the websites of the Company ([www.fsygroup.com](http://www.fsygroup.com)) and the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)):

- the annual report of the Company for the year ended December 31, 2022 (pages 65 to 182), which is accessible via the following hyperlink:  
<https://www.hkexnews.hk/listedco/listconews/sehk/2023/0424/2023042402166.pdf>
- the annual report of the Company for the year ended December 31, 2023 (pages 66 to 174), which is accessible via the following hyperlink:  
<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0423/2024042301300.pdf>
- the annual report of the Company for the year ended December 31, 2024 (pages 62 to 160), which is accessible via the following hyperlink:  
<https://www.hkexnews.hk/listedco/listconews/sehk/2025/0422/2025042201949.pdf>

- the interim report of the Company for the six months ended June 30, 2025 (pages 30 to 58), which is accessible via the following hyperlink:  
<https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0923/2025092300688.pdf>
- Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year December 31, 2024. Please refer to pages 62 to 63 of the 2024 Annual Report.
- Consolidated Statement of Financial Position as at December 31, 2024. Please refer to pages 64 and 65 of the 2024 Annual Report.
- Consolidated Statement of Changes in Equity for the year ended December 31, 2024. Please refer to page 66 of the 2024 Annual Report.
- Consolidated Statement of Cash Flows for the year ended December 31, 2024. Please refer to pages 67 to 69 of the 2024 Annual Report.
- Notes to the Consolidated Financial Statements for the year ended December 31, 2024. Please refer to pages 70 to 160 of the 2024 Annual Report (including Significant Accounting Policies on pages 71 to 94 of the 2024 Annual Report).

No modified opinion, emphasis of matter or material uncertainty related to going concern was contained in the independent auditor's report in respect of the audited consolidated financial statements of the Company for each of the three years ended December 31, 2022, 2023 and 2024.

Given that additional time is required for the Company and its auditor to finalise the audited accounts of the Group and to complete the audit procedures, the Company has not yet published the audited consolidated financial statements of the Group for the year ended December 31, 2025 and the unaudited consolidated financial statements of the Group for the six months ended June 30, 2026. The Company is working closely with its auditor in order to complete the audit procedures as soon as possible, and the expected publication date of the annual results for the year ended December 31, 2025 will be announced by the Company as and when appropriate. For further information, please refer to the announcements of the Company dated December 12, 2025, March 19, 2026, March 31, 2026, June 18, 2026, July 10, 2026, August 31, 2026 and September 16, 2026.

### **3. INDEBTEDNESS STATEMENT OF THE GROUP**

As at August 31, 2026, being the latest practicable date for the purpose of ascertaining the indebtedness of the Group prior to the publication of this Response Document, the indebtedness of the Group was as follows:

- (a) bank borrowings: The Group had no interest-bearing bank borrowings;

- (b) loans from non-controlling shareholders of subsidiaries:

|                                                                                                                           | August 31,<br>2026<br>RMB'000<br>(Unaudited) |
|---------------------------------------------------------------------------------------------------------------------------|----------------------------------------------|
| Chongqing Guolong Agricultural Technology Industry Development Group Co., Ltd.* ( <i>Note 1</i> )<br>(重慶國隆農業科技產業發展集團有限公司) | 18,394                                       |
| Individual A ( <i>Note 1</i> )                                                                                            | 289                                          |
| Individual B and Individual C ( <i>Note 2</i> )                                                                           | <u>11,802</u>                                |
|                                                                                                                           | <u>30,485</u>                                |
| Current                                                                                                                   | <u>30,485</u>                                |
| Non-current                                                                                                               | <u>—</u>                                     |

\* The English name of the entity established in the PRC is translated for identification purpose only.

*Note 1:* The loans from Chongqing Guolong Agricultural Technology Industry Development Group Co., Ltd. and Individual A were extended in 2025 and carry a fixed interest rate at 4.35% and 6.00% per annum respectively. They are due within one year from the extension date.

*Note 2:* In 2021, Shanghai FSY Industry Group Co., Ltd. (“Shanghai Fu Shou Yuan”) lent RMB101,720,000 to Heze Fuluyuan Culture Cemetery Co., Ltd. (“Heze Fuluyuan”) with zero interest rate in connection with the acquisition of the landbank. After the acquisition of Heze Fuluyuan in December 2021, the non-controlling shareholders of Heze Fuluyuan, named Individual B and Individual C, and Shanghai Fu Shou Yuan entered into a supplementary agreement in June 2022, whereby Shanghai Fu Shou Yuan agreed to transfer part of the creditor’s right amounting to RMB10,172,000 to Individual B and Individual C as part of the consideration for the acquisition of Heze Fuluyuan, resulting in loans from non-controlling shareholders of subsidiaries. In 2025, 2024, and 2023, Individual B and Individual C provided additional loans of RMB130,000, RMB622,000, and RMB878,000, respectively to Heze Fuluyuan for construction of cemetery projects. As at August 31, 2026, the balance of the loan from Individual B and Individual C was RMB11,802,000.

- (c) lease liabilities: the Group had lease liabilities of approximately RMB91.3million, which were unsecured and not guaranteed;
- (d) other liabilities: the Group had liabilities for leasehold land of approximately RMB30.4 million and concession payables of RMB45.2 million; and
- (e) contingent liabilities: as at August 31, 2026, the Group had no material contingent liabilities.

Save as aforesaid and apart from normal trade payables and contract liabilities in the normal course of business, as at August 31, 2026, the Group did not have any outstanding mortgages, charges, debentures, loan capital, bank overdrafts, loans, debt securities or other similar indebtedness issued and outstanding or agreed to be issued, hire purchase commitments, liabilities under acceptances or acceptance credits.

**WARNING: The Company would like to draw to the attention of the Shareholders and the potential investors of the Company that the above statement of indebtedness may be subject to restatement pending the review and consideration of the Independent Investigation Report and thus they are advised to exercise caution in placing reliance thereon and in assessing the merits of the Partial Offer.**

#### 4. MATERIAL CHANGES IN RESPECT OF THE GROUP

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

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

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

- (a) conduct an appropriate independent forensic investigation into the Questionable Transactions, assess their impact on the Company's business operations and financial position, announce the findings of the investigation and take appropriate remedial actions;

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

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

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

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

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

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

Since the publication of the audited financial statements for the year ended December 31, 2024 and up to the Latest Practicable Date, the Company has only issued a profit warning announcement dated August 5, 2025, an interim results announcement dated August 29, 2025 for the six months ended June 30, 2025 and the unaudited interim report for the six months ended June 30, 2025 (the “**2025 Interim Report**”) but the annual results for the year ended December 31, 2025 and the interim results for the six months ended June 30, 2026 remained outstanding.

As disclosed in the 2025 Interim Report, revenue dropped from approximately RMB1,099.99 million for the six months ended June 30, 2024 to RMB610.85 million for the six months ended June 30, 2025, representing a decrease of approximately 44.5%. For the same period, the Group also recorded a loss of approximately RMB263.87 million comparing to a profit of RMB363.14 million. It was disclosed in the 2025 Interim Report that, in order to correspond to different economic environment, consumption behavior changes, market competition as well as the impact of value-added tax, the Company (i) updated their products and services mix with lower average selling price, allowing for more customers to enjoy high quality services and products; and (ii) supplied products with wider range of prices, aiming at additional customer base to achieve a long term higher market share. In addition, the Group’s operating expenditure increased by approximately RMB252.3 million or 42.9%, which was mainly attributable to the following combined effects: (1) the addition of impairment of related assets in the amount of RMB206.0 million based on the evaluation and expectation of business operating environment and operating cashflow, of which the impairment of goodwill and related assets in connection with several cemeteries projects amounted to RMB217.6 million; (2) one-off redundancy compensation in order to optimize and increase the human resources efficiency group-wide; (3) increased tax expenses incurred by certain subsidiaries due to variable tax factors; (4) reduction in various operating expenditure in line with the decrease of sales volume.

For further details, please refer to the relevant announcements of the Company dated August 5, 2025, August 29, 2025, September 23, 2025, March 19, 2026, March 20, 2026, March 31, 2026, April 27, 2026, June 18, 2026, July 10, 2026, August 14, 2026, August 31, 2026 and September 16, 2026.

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

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

On September 1, 2026, the Offeror notified the Company that it has firm intention to make a pre-conditional voluntary cash partial offer to acquire up to 115,000,000 Shares in the Company. The terms of the Partial Offer were disclosed in the announcement of the Offeror dated September 1, 2026 and the Offer Document.

On September 18, 2026, the Offeror despatched the Offer Document and the accompanying Form of Acceptance.

Save for the above and that the Directors have not reviewed and considered the following information, which remain outstanding as at the Latest Practicable Date:

- (a) the audited consolidated financial statements of the Group for the year ended December 31, 2025;
- (b) the unaudited consolidated management accounts of the Group for the six months ended June 30, 2026, and the unaudited consolidated management accounts of the Group subsequent to June 30, 2026;
- (c) the income analysis and the expenses analysis of the Group for the year ended December 31, 2025 and thereafter;
- (d) the subsequent settlement in relation to the account receivable balances of the Group as at December 31, 2024;
- (e) the trading position of the Group in respect of its customers and suppliers, and the general business environment of the Group as at December 31, 2025 and thereafter; and

- (f) the future cash flow of the Group based on the working capital forecast prepared by the Company, and the financing requirements of the Group;

the Board confirmed that there are no material changes to the financial or trading position or outlook of the Group since December 31, 2024, being the date of the latest audited consolidated financial statements of the Group, and up to the Latest Practicable Date.

**WARNING: The Company would like to draw the attention of the Shareholders and the potential investors of the Company that certain financial information, including the unaudited management accounts and future cash flow projections, remains outstanding as explained in the preceding paragraph. The Board acknowledges that this disclosure is based on the financial and trading information currently available but may not fully reflect all potential financial developments of the Group. Accordingly, the Shareholders and the potential investors of the Company are advised to exercise caution in placing reliance on the above statements and in assessing the merits/demerits of the Partial Offer.**

**Persons who are in doubt as to the action they should take should consult their licensed securities dealers or registered institutions in securities, bank managers, solicitors, professional accountants or other professional advisers. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.**

## 5. FINANCIAL AND TRADING PROSPECT OF THE GROUP

Since the suspension of trading in the Shares on March 20, 2026, the Group has continued to operate its cemetery business, funeral business and other related businesses in the ordinary course of business. The Group's principal operating entities and cemeteries have continued to provide customers with burial services, funeral services and other related services. The Group's principal businesses, service network and day-to-day operations have continued in all material respects as normal and have not experienced any material interruption as a result of the suspension of trading in the Shares.

The Group has continued to closely monitor changes in customer needs, market conditions and industry policies, and to enhance its product and service portfolio on the basis of its existing businesses. In respect of the cemetery business, the Group continues to provide burial products and related services across different price ranges and catering to different customer needs, while promoting land-saving ecological burial, life commemoration and other related services. In respect of the funeral business, the Group continues to optimise its service processes and service scenarios and, having regard to the actual operating conditions in different regions, to improve and upgrade relevant facilities and service environments.

At the same time, the Group continues to further implement digital services across its cemeteries and related service scenarios, including enhancing digital functions relating to customer services, business processing and life commemoration, with a view to improving its online and offline service capabilities, operational efficiency and customer experience. Certain cemeteries of the Group have also continued to conduct life commemoration, public welfare ecological burial and other customer service activities and to further enrich their existing service offerings.

Looking ahead, the Group will continue to build on its existing cemetery and funeral businesses and, taking into account changes in demographic structure, customer needs, industry policies and market conditions, steadily enhance its existing products and services and improve its service quality and operational capabilities. The Group will also prudently advance the development of digitalisation, life commemoration and other services and businesses that are complementary to its existing operations. In addition, having due regard to market conditions, regulatory requirements, project feasibility and relevant risk factors, the Group will prudently evaluate business development and cooperation opportunities that are suitable for the Group.

The Group will continue to maintain the normal operation of its businesses and, while pursuing business development, continue to enhance its corporate governance, internal control and risk management systems in support of the Group's long-term, stable and sustainable development. The Group will also continue to assess and monitor the impact, if any, of the trading suspension, the independent investigation, the internal control review and other related matters on the Group's business operations and financial performance, and will disclose any material developments as and when appropriate in accordance with applicable laws, rules and regulatory requirements.

As at the Latest Practicable Date, the annual results of the Group for the year ended December 31, 2025 and the interim results for the six months ended June 30, 2026 have not yet been finalised. The audit in respect of the 2025 Annual Results and the review procedures in respect of the 2026 Interim Results remain ongoing. Accordingly, the relevant financial performance of the Group remains subject to finalisation upon completion of the relevant audit and review procedures. The Board will continue to work closely with the Auditor and other professional advisers to progress the publication of the outstanding financial results and the completion of other work relating to the resumption of trading.

## 1. RESPONSIBILITY STATEMENT

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Response Document and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this Response Document have been arrived at after due and careful consideration and there are no other facts not contained in this Response Document the omission of which would make any statement herein misleading.

As regards the information in this Response Document relating to the Offeror and parties acting in concert with her, the terms of the Partial Offer and the intention of the Offeror regarding the Group that has been compiled or summarised from the Offer Document, the Directors' responsibility is limited to the correctness and fairness of the extraction of such information and/or its reproduction or presentation.

## 2. SHARE CAPITAL

As at the Latest Practicable Date, the authorised share capital and the issued share capital of the Company were as follows:

*Authorised share capital:* US\$

|                |                                  |                |
|----------------|----------------------------------|----------------|
| 20,000,000,000 | ordinary shares of US\$0.01 each | 200,000,000.00 |
|----------------|----------------------------------|----------------|

*Issued and paid-up share capital:*

|               |                 |               |
|---------------|-----------------|---------------|
| 2,319,863,422 | ordinary shares | 23,198,634.22 |
|---------------|-----------------|---------------|

As at the Latest Practicable Date, the Company had no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code).

All the Shares in issue are fully paid up and rank *pari passu* in all respects among themselves, including all rights in respect of dividends, voting and interest in capital.

The number of Shares in issue as at December 31, 2024, being the date to which the latest audited consolidated financial statements of the Group were made up, was 2,319,863,422.

Save as disclosed above, since December 31, 2024 and up to the Latest Practicable Date:

- (a) the Company had not issued any Shares, options, warrants or conversion rights affecting Shares (including any derivatives or other securities which may confer rights to the holders thereof to subscribe for, convert or exchange into Shares) and had not entered into any agreement for the issue of any of such securities; and
- (b) no Shares had been issued or bought back by the Company or any of its subsidiaries.

### 3. DISCLOSURE OF INTERESTS

#### (a) Interests of Directors and chief executive of the Company

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were deemed or taken to have under such provisions of the SFO); (ii) were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein; (iii) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange; or (iv) were required to be disclosed in this Response Document pursuant to the Takeovers Code, were as follows:

| Name of director/<br>chief executive | Capacity/nature of interest                               | Number of<br>shares interested | Approximate<br>shareholding |
|--------------------------------------|-----------------------------------------------------------|--------------------------------|-----------------------------|
| Bai Xiaojiang ( <i>Note 2</i> )      | Beneficiary of a trust                                    | 96,600,000 (L)                 | 4.16%                       |
|                                      | Beneficial owner                                          | 10,453,452 (L)                 | 0.45%                       |
| Tan Leon Li-an                       | Beneficial owner                                          | 900,000 (L)                    | 0.04%                       |
| Huang James Chih-Cheng               | Beneficial owner                                          | 400,000 (L)                    | 0.02%                       |
| Lu Hesheng                           | Interest in a controlled<br>corporation ( <i>Note 3</i> ) | 27,600,000 (L)                 | 1.19%                       |

*Notes:*

1. The letter “L” denotes a long position in the Shares.
2. Mr. Bai Xiaojiang is interested in the entire issued share capital of Wish and Catch Limited, which in turn is interested in approximately 4.16% of the issued share capital of the Company. These shares are held indirectly under a trust, of which Mr. Bai Xiaojiang is a beneficiary.
3. Mr. Lu Hesheng is interested in the entire issued share capital of Grand Fire Limited, which in turn is interested in 27,600,000 Shares. Accordingly, Mr. Lu Hesheng is deemed to be interested in such Shares through his interest in Grand Fire Limited.
4. The approximate percentages of shareholding are calculated on the basis of 2,319,863,422 Shares in issue as at the Latest Practicable Date and have been rounded to the nearest two decimal places.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which were required to be notified, entered in the register or disclosed as described above.

**(b) Interests of substantial shareholders in Shares**

As at the Latest Practicable Date, so far as was known to the Directors, the following persons, other than the Directors or chief executive of the Company, had interests or short positions in the Shares and underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO:

| Name of substantial shareholder                                  | Capacity/nature of interest | Number of Shares interested | Approximate percentage of shareholding |
|------------------------------------------------------------------|-----------------------------|-----------------------------|----------------------------------------|
| Perfect Score Group Limited<br>(Note 2)                          | Beneficial owner            | 483,000,000 (L)             | 20.82%                                 |
| FSG Holding Corporation (Note 3)                                 | Beneficial owner            | 359,600,000 (L)             | 15.50%                                 |
| Sunshine Life Insurance Co., Ltd.*<br>(陽光人壽保險股份有限公司)<br>(Note 4) | Beneficial owner            | 151,482,000 (L)             | 6.53%                                  |

Notes:

- The letter “L” denotes a long position in the Shares or underlying Shares.
- Perfect Score Group Limited, which is directly wholly owned by Alliance Rise Limited. Alliance Rise Limited is directly wholly owned by China Zhongfu Industrial Group Limited\* (中國中福實業集團有限公司), which is directly wholly owned by Shanghai Hongfu Investment Development Co., Ltd.\* (上海鴻福投資發展有限公司), which in turn is owned as to 50% by Shanghai Zhongmin Elderly Affairs Development Service Centre\* (上海中民老齡事業開發服務中心) and 50% by Shanghai Zhongmin Elderly Affairs Consultancy Service Centre\* (上海中民老齡事業諮詢服務中心), both being private non-enterprise unit (民辦非企業單位) administered by Shanghai Qingpu Administration of Civil Affairs. Each of Alliance Rise Limited, China Zhongfu Industrial Group Limited\* (中國中福實業集團有限公司), Shanghai Hongfu Investment Development Co., Ltd.\* (上海鴻福投資發展有限公司), Shanghai Zhongmin Elderly Affairs Development Service Centre\* (上海中民老齡事業開發服務中心) and Shanghai Zhongmin Elderly Affairs Consultancy Service Centre\* (上海中民老齡事業諮詢服務中心) is deemed or taken to be interested in approximately 20.82% of the issued share capital of the Company.
- Mr. Tan Tize Shune (also known as “Tan Chih Chun”), the father of Mr. Tan Leon Li-an, is entitled to exercise or control the exercise of one-third or more of the voting power at general meetings of FSG Holding Corporation through (i) being a settlor of a trust, which in turn is interested in the entire issued share capital of Pacific Millennium Investment Corporation, the largest shareholder of FSG Holding Corporation; and (ii) being a settlor of another trust, which in turn is interested in the entire issued share capital of Fast Answer Limited, the third largest shareholder of FSG Holding Corporation. Together, Mr. Tan Tize Shune is interested in an aggregate of 48.15% of the issued share capital of FSG Holding Corporation. Accordingly, Mr. Tan Tize Shune is deemed or taken to be interested in approximately 15.50% of the issued share capital of the Company in which FSG Holding Corporation is interested in.

4. Sunshine Insurance Group Co., Ltd. is interested in approximately 99.99% of the issued share capital of Sunshine Life Insurance Co., Ltd. and therefore Sunshine Insurance Group Co., Ltd. is deemed or taken to be interested in approximately 6.53% of the issued share capital of the Company.
5. The percentage of shareholding is calculated on the basis of 2,319,863,422 Shares in issue as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, there was no other person who had an interest or short position in Shares and underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO.

#### 4. DISCLOSURE OF INTERESTS AND DEALINGS

- (a) Save as disclosed in the paragraph headed “3. Disclosure of Interests” in this Appendix, none of the Directors was interested in or owned or controlled any shares, convertible securities, warrants, options or derivatives of the Company as at the Latest Practicable Date, and none of the Directors had dealt in any shares, convertible securities, warrants, options of the Company or any derivatives in respect of such securities during the Relevant Period.
- (b) None of the subsidiaries of the Company and pension fund of any member of the Group or a person as specified in class (2) of the definition of “associate” or a person presumed to be acting in concert with the Company by virtue of class (5) of the definition of “acting in concert” under the Takeovers Code had any interest in the shares, the convertible securities, warrants, options of the Company or any derivatives in respect of such securities as at the Latest Practicable Date, and no such person had dealt in any shares, convertible securities, warrants, options of the Company or any derivatives in respect of such securities during the Relevant Period.
- (c) No person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any person who is an associate of the Company by virtue of classes (2), (3) and (4) of the definition of “associate” under the Takeovers Code or with any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) and (5) of the definition of “acting in concert” under the Takeovers Code as at the Latest Practicable Date, and no such person had dealt in any shares, the convertible securities, warrants, options of the Company or derivatives in respect of such securities during the Relevant Period.
- (d) No shares, convertible securities, warrants, options of the Company or any derivatives in respect of such securities were managed on a discretionary basis by fund managers connected with the Company as at the Latest Practicable Date, and no such person had dealt in any shares, convertible securities, warrants, options of the Company or derivatives in respect of such securities during the Relevant Period.

- (e) None of the Company and the Directors had borrowed or lent any shares, convertible securities, warrants, options in the Company or derivatives in respect of such securities as at the Latest Practicable Date.
- (f) As at the Latest Practicable Date, there was no benefit in whatever form provided or to be provided to any Director as compensation for loss of office or otherwise in connection with the Partial Offer.
- (g) As at the Latest Practicable Date, there was no agreement or arrangement between any Director and any other person which is conditional on or dependent upon the outcome of the Partial Offer or otherwise connected with the Partial Offer.
- (h) As at the Latest Practicable Date, there was no material contract to which the Offeror or any party acting in concert with her is a party in which any Director has a material personal interest.
- (i) As at the Latest Practicable Date, save as disclosed in the section headed “Letter from the Board — Shareholding Structure of the Company and Effect of the Partial Offer”, none of the Directors held any Shares which are subject to the Partial Offer.
- (j) As at the Latest Practicable Date, there was no understanding, arrangement or agreement or special deal (as defined under Rule 25 of the Takeovers Code) between (i) any shareholder of the Company; and (ii) the Company, its subsidiaries or associated companies (as defined in the Takeovers Code).

## 5. DIRECTORS' SERVICE CONTRACTS

Save as disclosed below, as at the Latest Practicable Date, none of the Directors had any service contract with the Company or any of its subsidiaries or associated companies in force which (a) (including both continuous and fixed term contracts) had been entered into or amended within six months preceding the commencement of the Offer Period; or (b) was a continuous contract with a notice period of 12 months or more; or (c) was a fixed term contract that has more than 12 months to run irrespective of the notice period:

| Director <i>(Note)</i> | Commencement date | Expiry date     | Term of service | Amount of monthly remuneration payable under service contract | Amount of variable remuneration payable under the service contract |
|------------------------|-------------------|-----------------|-----------------|---------------------------------------------------------------|--------------------------------------------------------------------|
| Mr. Zhao Guangbin      | August 14, 2026   | August 14, 2029 | 3 years         | RMB20,000                                                     | N/A                                                                |
| Mr. Zhou Quan          | August 14, 2026   | August 14, 2029 | 3 years         | RMB20,000                                                     | N/A                                                                |
| Ms. Qian Qian          | August 14, 2026   | August 14, 2029 | 3 years         | RMB20,000                                                     | N/A                                                                |

*Note:* Each of the Directors has entered into a service contract with the Company for a term of appointment of 3 years with effect from the commencement date specified and subject to retirement by rotation and re-election in accordance with the Articles.

## 6. EXPERT AND CONSENT

The following is the name and qualification of the professional adviser whose letter, opinions or advice are contained or referred to in this Response Document:

| Name                  | Qualification                                                                                                                                    |
|-----------------------|--------------------------------------------------------------------------------------------------------------------------------------------------|
| Octal Capital Limited | a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO |

The Independent Financial Adviser has given and has not withdrawn its written consent to the issue of this Response Document with the inclusion of its letter, recommendation or opinion and the reference to its name included herein in the form and context in which it appears.

As at the Latest Practicable Date, the Independent Financial Adviser was not beneficially interested in the share capital of any member of the Group; nor did it have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

## 7. LITIGATION

As at the Latest Practicable Date, none of the members of the Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened by or against any member of the Group.

## 8. MATERIAL CONTRACTS

At the Latest Practicable Date, the Company or any of its subsidiaries had not entered into any material contracts (being contracts not entered into in the ordinary course of business carried on or intended to be carried on by the Group) after the date falling two years immediately preceding the commencement of the Offer Period (i.e. September 1, 2024), and up to and including the Latest Practicable Date.

## 9. MISCELLANEOUS

- (a) The registered office of the Company is at Ocorian Trust (Cayman) Limited, Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands.
- (b) The headquarters of the Company is at No. 500, Lane 7270, Waiqingsong Road, Shanghai, China 201799, and its principal place of business in Hong Kong is at Unit 709, 7/F, K. Wah Centre, 191 Java Road, North Point, Hong Kong.
- (c) The Hong Kong branch share registrar and transfer office of the Company is Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (d) The joint company secretaries of the Company are Mr. Zhu Qiming (“**Mr. Zhu**”) and Mr. Cheng Ching Kit (“**Mr. Cheng**”). Mr. Cheng is an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.
- (e) The address of the Independent Financial Adviser, Octal Capital Limited, is at 504–505, 5th Floor, 308 Des Voeux Road Central, Hong Kong.
- (f) In the event of any inconsistency between the English and Chinese texts of this Response Document, the English text shall prevail.

## 10. DOCUMENTS ON DISPLAY

Copies of the following documents will be put on display on the website of the SFC ([www.sfc.hk](http://www.sfc.hk)), the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Company ([www.fsygroup.com](http://www.fsygroup.com)) from the date of this Response Document up to and including the Closing Date:

- (a) the amended and restated memorandum and articles of association of the Company;

- (b) the annual reports of the Company for each of the years ended December 31, 2022, 2023 and 2024, and the interim report for the six months ended June 30, 2025;
- (c) the letter from the Board, the text of which is set out on pages 5 to 16 of this Response Document;
- (d) the letter from the Independent Board Committee, the text of which is set out on pages 17 to 18 of this Response Document;
- (e) the letter from the Independent Financial Adviser, the text of which is set out on pages 19 to 45 of this Response Document;
- (f) the service contracts of each of Mr. Zhao Guangbin, Mr. Zhou Quan and Ms. Qian Qian as referred to under the paragraph headed “5. Directors’ service contracts” in this Appendix; and
- (g) the letter of consent referred to under the paragraph headed “6. Expert and consent” in this Appendix.