

First Shanghai Securities Limited

20 December 2023

To Shareholders

Dear Sir/Madam,

**VOLUNTARY CONDITIONAL CASH OFFER BY
FIRST SHANGHAI SECURITIES LIMITED
FOR AND ON BEHALF OF
ORCHID VALLEY HOLDINGS LIMITED
TO ACQUIRE ALL THE ISSUED SHARES OF
C.BANNER INTERNATIONAL HOLDINGS LIMITED
(OTHER THAN THOSE SHARES ALREADY OWNED BY
ORCHID VALLEY HOLDINGS LIMITED
AND CERTAIN PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

Reference is made to the Rule 3.5 Announcement issued by the Company and the Offeror in relation to, among others, the Offer.

This letter forms part of this Composite Document and sets out, among other things, the principal terms of the Offer, together with the information of the Offeror and the Offeror's intention regarding the Group. Further details of the terms of the Offer and procedures for acceptance are also set out in Appendix I to this Composite Document and the accompanying Form of Acceptance.

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

THE OFFER

First Shanghai Securities is making the Offer for and on behalf of the Offeror in compliance with the Takeovers Code at the following Offer Price:

For each Offer Share HK\$0.16 in cash

If, after the date of the despatch of this Composite Document, any dividend and/or other distribution and/or other return of capital is announced, declared or paid in respect of the Shares, the Offeror reserves the right to reduce the Offer Price by all or any part of the amount or value of such dividend, distribution and/or, as the case may be, return of capital, in which case any reference in the Rule 3.5 Announcement, this Composite Document or any other announcement or document to the Offer Price will be deemed to be a reference to the Offer Price as so reduced.

The Offer Shares to be acquired under the Offer shall be fully paid and free from any encumbrances and together with all rights and entitlements attaching or accruing thereto including, without limitation, the right to receive all dividends and other distributions, if any, the record date of which is on or after the date on which the Offer is made (i.e. the date of the despatch of this Composite Document).

The Company confirms that as at the Latest Practicable Date, (a) it had not declared any dividend, the record date of which falls on or after the expected date of despatch of this Composite Document; and (b) it did not have any intention to make, declare or pay any future dividend or make other distributions until the close of the Offer.

The Offeror will not increase the Offer Price for the Offer as set out above. Shareholders and potential investors of the Company should be aware that, following the making of this statement, the Offeror will not be allowed to increase the Offer Price and the Offeror does not reserve the right to increase the Offer Price.

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

Shareholders are strongly advised to carefully consider the information contained in the “Letter from the Board”, the “Letter from the Independent Board Committee” and the “Letter from the Independent Financial Adviser” and the appendices as set out in this Composite Document before reaching a decision as to whether or not to accept the Offer.

The Offer Price

The Offer Price of HK\$0.16 per Offer Share represents:

- (a) a premium of approximately 8.11% over the closing price of HK\$0.148 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (b) a premium of approximately 39.13% over the closing price of HK\$0.115 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (c) a premium of approximately 37.93% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day of approximately HK\$0.116 per Share;
- (d) a premium of approximately 40.35% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the ten consecutive trading days up to and including the Last Trading Day of approximately HK\$0.114 per Share;
- (e) a premium of approximately 22.14% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the 30 consecutive trading days up to and including the Last Trading Day of approximately HK\$0.131 per Share;
- (f) a premium of approximately 26.98% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the 60 consecutive trading days up to and including the Last Trading Day of approximately HK\$0.126 per Share;
- (g) a discount of approximately 77.59% to the audited consolidated net assets of the Group attributable to owners of the Company per Share of approximately HK\$0.714 as at 31 December 2022, based on the exchange rate of RMB1 to HK\$1.08; and
- (h) a discount of approximately 78.35% to the unaudited consolidated net assets of the Group attributable to owners of the Company per Share of approximately HK\$0.739 as at 30 June 2023, based on the exchange rate of RMB1 to HK\$1.08.

Highest and Lowest Share Prices

During the Relevant Period, the highest closing price per Share as quoted on the Stock Exchange was HK\$0.176 on 30 June 2023 and the lowest closing price per Share as quoted on the Stock Exchange was HK\$0.103 on 24 August 2023, 25 August 2023 and 9 November 2023.

Value of the Offer

As at the Latest Practicable Date, there were 2,077,000,000 Shares in issue, of which 1,538,643,097 Shares will be subject to the Offer. There were no Share awards granted to any grantees under the Share Award Scheme which remained unvested, and all vested Share awards had been transferred to the relevant grantees upon vesting, and hence the Share Award Scheme Trustee did not hold any Shares. The Company had no outstanding options, warrants, derivatives, convertible securities or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) as at the Latest Practicable Date.

Assuming (i) that there is no change in the number of issued Shares; (ii) that the Company will not grant any new Share awards under the Share Award Scheme from the Latest Practicable Date up to the Closing Date; and (iii) full acceptance of the Offer, based on the Offer Price of HK\$0.16 per Offer Share, the total cash consideration payable by the Offeror under the Offer would be approximately HK\$246,182,896.

Confirmation of financial resources

The Offeror intends to finance the Offer Consideration by a combination of (i) the Offeror's internal resources; and (ii) the Loan Facilities provided to the Offeror by First Shanghai Securities.

The Loan Facilities are taken out by the Offeror as the borrower and will be utilized only after its internal resources are fully utilized. As security in favor of First Shanghai Securities as the lender of the Loan Facilities in respect of all amounts due under the Loan Facilities, among other things, (i) each of Ms. Cheng Xuanxuan, Mr. Chen Yixi and Hongguo has agreed to provide a guarantee in favor of First Shanghai Securities on a joint and several basis; (ii) each of Ms. Cheng Xuanxuan and Mr. Chen Yixi has agreed to charge to First Shanghai Securities her/his entire issued share capital in the Offeror and Hongguo, respectively; (iii) the Offeror has agreed to pledge to First Shanghai Securities all the Shares held by itself, being 103,660,000 Shares (representing approximately 4.99% of all issued Shares) and all such Offer Shares as and when the Offer Shares are validly tendered for acceptance and transferred to the Offeror; and (iv) Hongguo has agreed to pledge to First Shanghai Securities all the Shares held by itself, being 280,000,000 Shares (representing approximately 13.48% of all issued Shares).

The Offeror does not intend that the payment of interest on or repayment of the Loan Facilities will depend to any significant extent on the business of the Group.

Save for the abovementioned, First Shanghai Securities did not hold any securities in the Company.

First Shanghai Capital, as the financial adviser to the Offeror in respect of the Offer, is satisfied that sufficient financial resources are available to the Offeror to satisfy full acceptance of the Offer.

Conditions of the Offer

The Offer is conditional upon the satisfaction or waiver of the following Conditions:

- (a) valid acceptances of the Offer having been received (and not, where permitted, withdrawn) by 4:00 p.m. on the Closing Date (or such later time or date as the Offeror may, subject to the Takeovers Code, decide) in respect of such number of Offer Shares which, together with the Shares already owned or acquired or agreed to be acquired before or during the Offer, will result in Ms. Cheng Xuanxuan (through the Offeror), Mr. Chen Yixi (through Hongguo), Mr. Wu Guangze (personally and through CCM II) and Ms. Duan Wei (through Wise Orient) holding more than 58.45%* (or such lower percentage as the Offeror may, subject to the Takeovers Code, decide) of the voting rights of the Company;
- (b) the Shares remaining listed and traded on the Stock Exchange up to the Closing Date;
- (c) since the date of the Rule 3.5 Announcement, there having been no material adverse change in the business, assets, financial or trading position or the prospects or conditions (whether operational, legal or otherwise) of the Group;
- (d) no event having occurred which would make the Offer or the acquisition of any of the Offer Shares void, unenforceable or illegal or prohibit the implementation of the Offer or would impose any additional material conditions or obligations with respect to the Offer or any part thereof; and
- (e) no relevant government, governmental, quasi-government, statutory or regulatory body, court or agency in Hong Kong or any other jurisdictions having taken or instituted any action, proceeding, suit, investigation or enquiry (or enacted, made or proposed, and there not continuing to be outstanding, any statute, regulation, demand or order) that would make the Offer or its implementation in accordance with its terms void, unenforceable, illegal or impracticable (or which would impose any material and adverse conditions or obligations with respect to the Offer or its implementation in accordance with its terms).

The Offeror reserves the right to waive, in whole or in part, all or any of the Conditions set out above (other than Condition (a)). As at the Latest Practicable Date, none of the Conditions had been fulfilled or waived.

Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Offeror should not invoke Condition (b), (c), (d) or (e) so as to cause the Offer to lapse unless the circumstances which give rise to the right to invoke such Condition are of material significance to the Offeror in the context of the Offer.

In accordance with Rule 15.3 of the Takeovers Code, the Offeror must publish an announcement when the Offer becomes unconditional as to acceptances and when the Offer becomes unconditional in all respects. The Offer must also remain open for acceptance for at least 14 days after the Offer becomes unconditional in all respects. Shareholders are reminded that the Offeror does not have any obligation to keep the Offer open for acceptance beyond this 14-day period.

WARNING: Shareholders and potential investors should be aware that the Offer is subject to the satisfaction or waiver (where applicable) of the Conditions. Accordingly, the Offer may or may not become unconditional. Shareholders and potential investors

should therefore exercise caution when dealing in the Shares or exercising other rights in respect of the Shares. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.

INFORMATION ON THE GROUP

Principal activities

The Company is the holding company of the Group. The Group is a leading international integrated retailer and wholesaler of mid-to-premium women's formal and casual footwear in the PRC. The Group distributes self-developed brands products through department stores and independent retail stores in different cities in the PRC, and also acts as an original equipment manufacturer (OEM) or original design manufacturer (ODM) for international shoes companies dealing in export markets. The Group is popular for its brand values of elegance, charm and fashionable in the market, and operates self-developed brands, including C.banner, EBLAN, sundance, MIO, Badgley Mischka and natursun.

Your attention is drawn to the details of the information of the Group as set out under the section headed "Information of the Company" in the "Letter from the Board" and information set out in Appendices II and III to this Composite Document.

INFORMATION OF THE OFFEROR

The Offeror is an investment holding company incorporated in the British Virgin Islands with limited liability and its principal activities consist of investments in the sectors of new consumer products, pharmaceuticals and advanced manufacturing across both domestic and international markets. The Offeror is directly and wholly owned by Ms. Cheng Xuanxuan. The Offeror Directors are Ms. Cheng Xuanxuan and Mr. Huo Li.

Ms. Cheng Xuanxuan is responsible for devising the overall business strategy of the Offeror. For further details of her biography, please refer to the section headed "Proposed Change to the Board Composition of the Company" in this letter.

INTENTIONS OF THE OFFEROR IN RELATION TO THE GROUP

Ms. Cheng Xuanxuan, through the Offeror, has been an investor in the Company since May 2022 and has, since then, gained further understanding of the reputation of the Group's brands in the domestic industry and among consumers, as well as the management of the Group. Ms. Cheng Xuanxuan aims to seek a controlling stake in the Company for long-term investment and expand the scope of her investments. She is optimistic about the future prospects, and the existing management, of the Group, and her decision to make the Offer reflects her confidence in and commitment to the Company.

It is the intention of the Offeror that the existing business of the Group shall continue unaffected by the Offer, with no major changes planned after the close of the Offer. While the Group will remain in the footwear industry and steadily build on its strengths, the Offeror intends that the Group will further enhance its product positioning and increase its focus on the development of new retail business through multiple channels (including traditional e-commerce platforms such as Tmall, JD.com, Pinduoduo and Vipshop, and social media platforms such as TikTok (Douyin) and Xiaohongshu) and new online business models for distribution (such as investing more resources to expand its business presence on social media platforms such as Tik Tok (Douyin) and Xiaohongshu and traditional e-commerce platforms such as Tmall, Vipshop and JD.com, and focusing on enhancing the efficiency of online high-quality distributors) to expand the sustainable development of its offline business in China,

while seeking cooperation and integration with high quality industry peers, i.e. exploring to link up with owners of intellectual properties on online platforms for increased exposure and engagement, while actively participating in brand building activities and interactive live streaming with key opinion leaders (KOLs) to promote its main product series. Subject to the Group's business needs and prevailing market conditions, the Offeror intends that the Group will explore overseas markets and seek new cooperation opportunities there.

As at the Latest Practicable Date, the Offeror had no intention to (i) discontinue the employment of any employees of the Group (other than discontinuances in its ordinary and usual course of business); (ii) redeploy the fixed assets of the Group (other than redeployments in its ordinary and usual course of business); (iii) introduce any major changes in the existing operations and business of the Group; or (iv) acquire any new business or dispose of any existing business of the Group.

PROPOSED CHANGE TO THE BOARD COMPOSITION OF THE COMPANY

The Board is currently made up of eight Directors, comprising four executive Directors, one non-executive Director and three independent non-executive Directors. The Offeror intends to nominate Ms. Cheng Xuanxuan as an executive Director with effect from a date on or after the earliest time permitted under the Takeovers Code. The biography of Ms. Cheng Xuanxuan is set out as follows:

Ms. Cheng Xuanxuan, aged 41, obtained a Master of Professional Accounting degree from Monash University, Australia in 2008. She gained extensive experience in corporate management, finance and audit, strategic planning as well as financial management, advisory and planning from working in both Australia and China from 2008 to 2014. In 2014, Ms. Cheng Xuanxuan established her own investment vehicle, engaging in various investment ventures since then. Her experience and knowledge made her a seasoned investor proficient in both identifying promising business opportunities and navigating the complexities of trading in equity and debt instruments.

It is intended that Ms. Cheng Xuanxuan will enter into a service agreement with the Company at the time of her appointment, and the terms of the appointment, including her tenure and remuneration will be further announced after the same has been approved by the Board, the nomination committee and the remuneration committee of the Company.

As at the Latest Practicable Date, Ms. Cheng, through the Offeror, held 103,660,000 Shares, representing approximately 4.99% of all issued Shares. Save as disclosed above, Ms. Cheng Xuanxuan did not have any interest in the Shares within the meaning of Part XV of the SFO, did not hold any other positions in the Company or any of its subsidiaries, and did not hold other directorship in any other listed companies in Hong Kong or overseas in the last three years. Save as disclosed in this Composite Document, Ms. Cheng Xuanxuan did not have any relationship with any Directors, senior management or substantial or controlling shareholders of the Company.

Save as disclosed above, as at the Latest Practicable Date, there was no other information required to be disclosed pursuant to any of the requirements of Rule 13.51(2)(h) to (v) of the Listing Rules and there are no other matters relating to the proposed appointment of Ms. Cheng Xuanxuan as an executive Director that need to be brought to the attention of the Shareholders.

As at the Latest Practicable Date, the Company was not informed of any existing Director's intention to resign from the Board.

Any changes to the Board will be made in compliance with the Takeovers Code and the Listing Rules and further announcement(s) will be made accordingly.

The Offeror considers that the Board will continue the business development of the Group after the close of the Offer, and is expected to preserve and generate value for the Group in the long run.

Reasons for and Benefits of the Offer

For the Company: To facilitate transformation of its business in a challenging environment for the PRC footwear industry

In the face of prolonged economic challenges and a difficult business environment in China, the Company has remained persistent in implementing organizational adjustments to capitalize on the Company's competitiveness and brand values for its footwear retail business. For instance, the Company has been readjusting its offline retail store network and seizing market opportunities in the e-commerce space. Meanwhile, regular reviews of consumer habits and behaviors and diligent examination of store performance have played an important part in the Company's pivotal strategy to optimize its retail network in recent years.

As a result of the Company's continuing efforts, coupled with the post-COVID-19 recovery of China's economy, the Group's unaudited total revenue increased by 10.2% from RMB715.1 million for the six months ended 30 June 2022 to RMB787.9 million for the six months ended 30 June 2023, and unaudited profit attributable to owners of the Company increased by RMB21.2 million from RMB24.2 million for the six months ended 30 June 2022 to RMB45.4 million for the six months ended 30 June 2023.

As the economic environment improves and consumers' confidence further increases, the Group remains confident in China's consumer market long-term development. However, the macro environment continues to face a variety of pressures, where (i) global growth is slowing significantly because of elevated inflation, higher interest rates, reduced investment, and disruptions caused by the Russia/Ukraine conflict; and (ii) China's economy still faces numerous challenges including weak domestic and external demand, a multi-year property downturn, and geopolitical tensions. In order for the Company to remain competitive in the face of these challenges, it must continue to be vigilant and implement structural transformation if and when needed. This will require significant investment over a number of years, as well as a highly motivated workforce. Given the downward trend in the Share price, where the closing price of the Shares lowered by approximately 68.5% from HK\$0.365 at the beginning of year 2022 to HK\$0.115 on the Last Trading Day, and the low liquidity in the Shares, the listing status of the Company is no longer a viable source of funding for the necessary investments. Moreover, given low liquidity in the Shares, employee incentive schemes currently are not sufficiently effective for the attraction and retention of talent.

The Offeror plans to promote the Company's transformation through intensive collaboration with the Company on exploration of new development opportunities and implementation of a series of long-term growth measures. The planned growth measures include developing a new retail business, exploring new business models, expanding the sustainable development of the Group's offline business in China, seeking cooperation and integration with high quality peers in the industry, and exploring overseas markets. Following the implementation of the Offer and the withdrawal of listing of the Company (if successful), the Offeror and the Company will have greater flexibility to structure employee compensation in

a more optimal manner, and they will be able to make strategic investment decisions focused on the realization of the Company's potential long-term value, free from the pressure of market expectations, the share price fluctuations and the regulatory compliance burdens otherwise associated with the status of a publicly listed company.

For the Shareholders: An attractive opportunity to monetize their investment in the Company, which has low trading liquidity, at a compelling premium

The average daily trading volume of the Shares for the 12 months up to and including the Last Trading Day prior to the publication of the Rule 3.5 Announcement was approximately 387,000 Shares per day, representing only approximately 0.02% of all issued Shares and outstanding as at the Rule 3.5 Announcement. The low trading volume of the Shares makes it difficult for Shareholders to execute substantial sales of Shares on-market without adversely affecting the price of the Shares.

The Offer, in contrast, provides an opportunity for Shareholders to monetize their investments in the Company immediately for cash at a compelling premium without any downward pressure on the Share price, and therefore allows Shareholders a chance to redeploy their capital into other investment opportunities that they may consider more attractive in the current environment. The Offer Price of HK\$0.16 per Offer Share represents a premium of approximately 39.13% over the closing price on the Last Trading Day prior to the publication of the Rule 3.5 Announcement, as well as a premium of approximately 37.93%, 40.35% and 22.14%, respectively, over the average closing prices for the five, ten and 30 trading days up to and including the Last Trading Day prior to the publication of the Rule 3.5 Announcement.

LISTING STATUS AND POSSIBLE COMPULSORY ACQUISITION

Pursuant to Section 102(1) of the Bermuda Companies Act, if the Offer has, within four months after the making of the Offer (that is, the despatch of the Composite Document), been approved (in this case, by way of accepting the Offer) by the Shareholders of not less than nine-tenths in value of the Shares whose transfer is involved (in this case, meaning the Shares subject to the Offer) other than the Shares already held at the date of the Offer by, or by a nominee for, the Offeror or its subsidiary, the Offeror may, at any time within two months beginning with the date on which such approval is obtained, give notice of compulsory acquisition to any dissenting Shareholder that it desires to acquire the Shares held by such dissenting Shareholder. If such notice of compulsory acquisition is given, the Offeror shall, unless the Court orders otherwise, be entitled and bound to acquire the Shares held by the dissenting Shareholders on the same terms as other Shares are acquired under the Offer. Any dissenting Shareholder may apply to the Court to object to the proposed compulsory acquisition within one month from the date on which the notice of compulsory acquisition is given.

Pursuant to Section 103(1) of the Bermuda Companies Act, holders of not less than 95% of the issued Shares may give a notice of compulsory acquisition to the remaining Shareholders of such holders' intention to acquire the remaining Shareholders' Shares on the terms set out in the notice. When such notice of compulsory acquisition is given, such holders shall be entitled and bound to acquire the Shares from the remaining Shareholders unless any remaining Shareholder applies to the Court for an appraisal, provided that such holders offer the same terms to all holders of the Disinterested Shares whose acquisition is involved. If the Offeror acquires further Shares (whether pursuant to the Offer or otherwise) such that the Offeror and the Offeror Concert Parties hold not less than 95% of the issued Shares, the

Offeror and the Offeror Concert Parties will be entitled to give such notice of compulsory acquisition.

If the level of acceptances of the Offer Shares (or the Offeror and the Offeror Concert Parties' holding of the total issued share capital of the Company) reaches the prescribed threshold under Section 102(1) (or Section 103(1)) of the Bermuda Companies Act and not less than 90% of the Disinterested Shares are validly tendered for acceptance within the Compulsory Acquisition Entitlement Period, the Offeror intends to exercise its right under Section 102(1) (or Section 103(1)) of the Bermuda Companies Act and pursuant to Rule 2.11 of the Takeovers Code to compulsorily acquire all those Shares not acquired by the Offeror or parties acting in concert with it under the Offer.

Pursuant to Rule 15.6 of the Takeovers Code, where the Offeror has stated in the Composite Document its intention to avail itself of any powers of compulsory acquisition, the Offer may not remain open for acceptance for more than four months after the date of the Composite Document, unless the Offeror has, by that time, become entitled to exercise such powers of compulsory acquisition, in which event it must do so without delay.

On completion of the compulsory acquisition process (if the compulsory acquisition right is exercised), the Company will be beneficially owned as to 100% by the Offeror and the Offeror Concert Parties, and an application will be made for the withdrawal of the listing of the Shares from the Stock Exchange pursuant to Rule 6.15(1) of the Listing Rules.

If the level of acceptances of the Offer Shares (or the Offeror and the Offeror Concert Parties' holding of the total issued share capital of the Company) does not reach the prescribed threshold under Section 102(1) (or Section 103(1)) of the Bermuda Companies Act or less than 90% of the Disinterested Shares are validly tendered for acceptance within the Compulsory Acquisition Entitlement Period, the Offeror will not be entitled to exercise the compulsory acquisition right and therefore the Company will not be delisted from the Stock Exchange.

If the Offeror decides to compulsorily acquire those Offer Share(s) not acquired by the Offeror under the Offer (the “**Remaining Offer Share(s)**”) under Section 102(1) of the Bermuda Companies Act, the Offeror will despatch the compulsory acquisition notices pursuant to the Bermuda Companies Act, each accompanied by a form of request for payment of consideration (the “**Compulsory Acquisition Consideration**”), to the Shareholder(s) holding the Remaining Offer Share(s) (the “**Remaining Offer Shareholder(s)**”). In order to receive the Compulsory Acquisition Consideration, the Remaining Offer Shareholder(s) should complete and return the form of request for payment of consideration within one month from the despatch date of the compulsory acquisition notices. If any dissenting Remaining Offer Shareholder files an application with the Court within one month from the date of the compulsory acquisition notices and (i) such objection is ultimately upheld by the Court, the Offeror will not be able to exercise compulsory acquisition; or (ii) such objection is ultimately not upheld by the Court, the cheques for the payment of the amounts due to the Remaining Offer Shareholder(s) will be despatched within one month after the Court rules in favor of the compulsory acquisition. If the Remaining Offer Shareholder(s) do not complete and return the form of request for payment of consideration (as mentioned above), the Offeror will then be required to pay the Compulsory Acquisition Consideration of such Remaining Offer Shareholder(s) to the Company rather than directly to the relevant Remaining Offer Shareholder(s), and the Company is required to transfer such Compulsory Acquisition Consideration into a separate bank account and hold it on trust for these Remaining Offer Shareholder(s). The Company shall hold the Compulsory Acquisition Consideration for each

such Remaining Offer Shareholder(s) until the earlier of: (i) a claim by such Remaining Offer Shareholder(s) is made and the relevant share certificate(s) and/ or transfer receipt(s) and/or any other document(s) of title (and/or satisfactory indemnity or indemnities required in respect thereof) of such Remaining Offer Shareholder(s) are provided to the Company or the Offeror to the satisfaction of the Company; and (ii) the expiry of six years from the date of completion of the compulsory acquisition.

If the Offeror decides to compulsorily acquire the Remaining Offer Share(s) under Section 103(1) of the Bermuda Companies Act, the Offeror and the Offeror Concert Parties will despatch the compulsory acquisition notices pursuant to the Bermuda Companies Act, each accompanied by a form of request for payment of Compulsory Acquisition Consideration, to the Remaining Offer Shareholder(s). Any Remaining Offer Shareholder who receives such notice has the right to apply to the Court to appraise the value of their Offer Shares within one month of receiving the compulsory acquisition notice. There is no appeal process available in relation to the Court's appraisal decision. If the price that was paid for the Offer Share(s) already acquired under the Offer is less than the value appraised by the Court, subject to any other directions from the Court, the Offeror will, within one month of the Court's appraisal of the value of the Offer Share(s), pay the difference in the price paid under the Offer and the appraised value of the Offer Share(s) to the holder(s) of those Offer Share(s) acquired by the Offeror under the Offer, and acquire the Remaining Offer Share(s) from the Remaining Offer Shareholder(s) at the value appraised by the Court.

If the Offeror decides to exercise its compulsory acquisition right referred to above, the Company will apply to the Stock Exchange for the suspension of trading in the Shares on the Stock Exchange with effect from the next trading day of the Stock Exchange immediately after the Closing Date up to the date of withdrawal of the listing of the Shares from the Stock Exchange pursuant to Rule 6.15(1) of the Listing Rules.

PUBLIC FLOAT

The Stock Exchange has stated that if, at the close of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares, are held by the public, or if the Stock Exchange believes that:

- (a) a false market exists or may exist in the trading of the Shares; or
- (b) that there are insufficient Shares in public hands to maintain an orderly market;

it will consider exercising its discretion to suspend dealings in the Shares.

If the Offeror is not entitled to exercise, or decides not to exercise, the compulsory acquisition right, the Offeror intends the Company to remain listed on the Stock Exchange. The Offeror Directors and the new director to be appointed to the Board of the Company will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares.

IRREVOCABLE UNDERTAKINGS

On 24 November 2023, Mr. Chen Yixi gave the Chen Irrevocable Undertaking in favor of the Offeror, pursuant to which Mr. Chen Yixi has irrevocably undertaken to the Offeror, among other matters, not to accept the Offer in respect of 280,000,000 Shares (representing approximately 13.48% of all issued Shares) owned by Mr. Chen Yixi (through Hongguo) as at the date of the Chen Irrevocable Undertaking and the Latest Practicable Date.

On 24 November 2023, Mr. Wu Guangze gave the Wu Irrevocable Undertaking in favor of the Offeror, pursuant to which Mr. Wu Guangze has irrevocably undertaken to the Offeror, among other matters, not to accept the Offer in respect of 55,286,000 Shares (representing approximately 2.66% of all issued Shares) owned by Mr. Wu Guangze (personally and through CCM II) as at the date of the Wu Irrevocable Undertaking and the Latest Practicable Date.

On 24 November 2023, Ms. Duan Wei gave the Duan Irrevocable Undertaking in favor of the Offeror, pursuant to which Ms. Duan Wei has irrevocably undertaken to the Offeror, among other matters, not to accept the Offer in respect of 99,410,903 Shares (representing approximately 4.79% of all issued Shares) owned by Ms. Duan Wei (through Wise Orient) as at the date of the Duan Irrevocable Undertaking and the Latest Practicable Date.

The main provisions of the Irrevocable Undertakings are set out as follows:

- (a) each of Mr. Chen Yixi, Mr. Wu Guangze and Ms. Duan Wei will not, and will procure that the parties acting in concert with them will not, (i) accept the Offer in respect of (1) the Shares owned by each of them and the parties acting in concert with them as at the date of their respective Irrevocable Undertakings; and (2) the Shares or other interests over the Shares subsequently acquired by each of them or the parties acting in concert with them; or (ii) sell such Shares or such other interests over the Shares to the Offeror or the parties acting in concert with the Offeror;
- (b) each of Mr. Chen Yixi, Mr. Wu Guangze and Ms. Duan Wei will not, and will procure that the parties acting in concert with them will not, enter into any transaction in respect of the Shares, convertible securities, options or other securities of the Company from the date of their respective Irrevocable Undertakings until the Offer is closed, lapsed or withdrawn;
- (c) until the Offer is closed, lapsed or withdrawn, each of Mr. Chen Yixi, Mr. Wu Guangze and Ms. Duan Wei will, and will procure that the parties acting in concert with them will, continue to own, (i) the Shares owned by each of them and the parties acting in concert with them as at the date of their respective Irrevocable Undertakings; and (ii) the Shares or other interests over the Shares subsequently acquired by each of them or the parties acting in concert with them after the date of their respective Irrevocable Undertakings;
- (d) until the Offer is closed, lapsed or withdrawn, each of Mr. Chen Yixi, Mr. Wu Guangze and Ms. Duan Wei and the parties acting in concert with them will not sell, transfer, dispose of, charge or pledge (other than charges and pledges mentioned in the Rule 3.5 Announcement) the Shares owned by them or the parties acting in concert with them as at or after the date of their respective Irrevocable Undertakings; and
- (e) each of Mr. Wu Guangze and Ms. Duan Wei has acknowledged that he/she will act in concert with the Offeror in respect of matters relating to the Offer.

The Irrevocable Undertakings shall terminate on the date of completion of the Offer and the delisting of the Company. In addition, if the Offer lapses or is withdrawn as permitted under the Takeovers Code, the Irrevocable Undertakings shall terminate and Mr. Chen Yixi, Mr. Wu Guangze and Ms. Duan Wei shall cease to be bound by all of their obligations, undertakings, representations and warranties contained in the Irrevocable Undertakings (other than any powers and liabilities accrued prior to such termination).

OVERSEAS SHAREHOLDERS

The making of the Offer to the Shareholders who are citizens, residents or nationals of jurisdictions outside Hong Kong may be subject to the laws of the relevant jurisdictions. Such Shareholders may be prohibited or affected by the laws of the relevant jurisdictions and it is the responsibility of each such Shareholder who wishes to accept the Offer to satisfy himself/herself/itself as to the full observance of the laws of the relevant jurisdictions in connection therewith, including the obtaining of any governmental, exchange control or other consents, the satisfaction of any filing and registration requirements which may be required to comply with all necessary formalities or legal or regulatory requirements, and the payment of any transfer or other taxes due from such Shareholder in such relevant jurisdictions.

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

ACCEPTANCES OF THE OFFER

Procedures for acceptance

To accept the Offer, you should complete and sign the accompanying Form of Acceptance in accordance with the instructions printed thereon, which instructions form part of the terms and conditions of the Offer.

The duly completed and signed Form of Acceptance, should be sent, together with the relevant share certificate(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof), to the Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, marked "C.banner International Holdings Limited – Offer" on the envelope, in any event not later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and announce with the consent of the Executive and in accordance with the Takeovers Code.

No acknowledgment of receipt of any Form of Acceptance, share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.

Your attention is drawn to "Further terms and procedures of acceptance of the Offer" as set out in Appendix I to this Composite Document and the accompanying Form of Acceptance.

Close of the Offer

The latest time on which the Offeror can declare the Offer unconditional as to acceptances is 7:00 p.m. on the 60th day after the posting of this Composite Document (or such later date to which the Executive may consent).

If all the Conditions are satisfied (or, if permissible, waived), Shareholders will be notified by way of an announcement in accordance with the Takeovers Code and the Listing Rules as

soon as practicable thereafter.

Effect of Accepting the Offer

Acceptance of the Offer will constitute a warranty to the Offeror by each person accepting it that the Shares acquired under the Offer and sold by such persons are fully paid and free from any encumbrances and together with all rights and entitlements attaching or accruing thereto including, without limitation, the right to receive all dividends and other distributions, if any, the record date of which is on or after the date on which the Offer is made (i.e. the date of the despatch of this Composite Document).

Acceptance of the Offer would be irrevocable and would not be capable of being withdrawn, subject to the provisions of the Takeovers Code. Rule 17 of the Takeovers Code provides that an acceptor of the Offer shall be entitled to withdraw his/her/its acceptance after 21 days from the first closing date of the Offer if the Offer has not by then become unconditional as to acceptances.

Nominee registration

To ensure equality of treatment of all Shareholders, those Shareholders who hold Shares as nominee on behalf of more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. In order for beneficial owners of Shares, whose investments are registered in the names of nominees, to accept the Offer, it is essential that they provide instructions of their intentions with regard to the Offer to their nominees.

Stamp Duty

Seller's ad valorem stamp duty at a rate of 0.1% of the market value of the Shares or consideration payable by the Offeror in respect of the relevant acceptances of the Offer, whichever is higher, will be deducted from the amount payable to the relevant Shareholder on acceptance of the Offer. The Offeror will arrange for payment of the sellers' ad valorem stamp duty on behalf of accepting Shareholders and pay the buyer's ad valorem stamp duty in connection with the acceptance of the Offer and the transfer of the Shares.

Payment

Payment in cash in respect of acceptance of the Offer will be made as soon as possible but in any event no later than seven Business Days after the later of (i) the date on which the Offer becomes, or is declared, unconditional in all respects; and (ii) the date on which the duly completed acceptance of the Offer and the relevant documents of title in respect of such acceptance are received by the Offeror (or its agent).

Taxation advice

None of the Offeror, the Company, their direct and indirect shareholders and ultimate beneficial owners and parties acting in concert with any of them, First Shanghai Capital, First Shanghai Securities nor any of its respective directors, officers, associates or advisers or any persons involved in the Offer is in a position to advise Shareholders on their own tax implications in any relevant jurisdiction. Shareholders are recommended to consult their own professional advisers as to the taxation implications in any relevant jurisdiction of accepting or rejecting the Offer.

None of the Offeror, the Company, their direct and indirect shareholders and ultimate beneficial owners and parties acting in concert with any of them, First Shanghai Capital, First Shanghai Securities, the Registrar or any of their respective directors, officers, associates, advisers or any persons involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any person or persons as a result of the acceptance or rejection of the Offer by any Shareholder.

GENERAL


No acknowledgement of receipt of any Form of Acceptance, share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the Shares will be given.

All communications, notices, the Form of Acceptance, share certificates, transfer receipts, other documents of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and remittances to be delivered by or sent to or from the Shareholders will be delivered by or sent to or from them, or their designated agents, by ordinary post at their own risk. Such communications, notices, documents and remittances will be sent to Shareholders at their addresses specified on the Form of Acceptance. None of the Offeror, the Company, their direct and indirect shareholders and ultimate beneficial owners and parties acting in concert with any of them, First Shanghai Capital, First Shanghai Securities, the Independent Financial Adviser, the Registrar or any of their respective directors, officers, associates or advisers, or any other person involved in the Offer, accepts any liability for any loss in postage or delay in transmission or such other liabilities whatsoever which may arise as a result. The attention of the Shareholders is drawn to “Further terms and procedures of acceptance of the Offer” as set out in Appendix I to this Composite Document.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information regarding the Offer set out in the appendices to this Composite Document and the accompanying Form of Acceptance, which form part of this Composite Document. In addition, your attention is also drawn to the “Letter from the Board” as set out on pages 26 to 36 of this Composite Document, the “Letter from the Independent Board Committee” as set out on pages 37 to 38 of this Composite Document and the letter of advice by the Independent Financial Adviser to the Independent Board Committee as set out in the “Letter from the Independent Financial Adviser” on pages 39 to 57 of this Composite Document.

Yours faithfully,
For and on behalf of
First Shanghai Securities Limited



Yeung Wai Kin
Director



Qiu Hong
Director

*This 58.45% threshold ensures that one of the conditions for the drawdown of the Loan Facilities will be met, with the Offeror and Hongguo collectively holding at least 51% of all issued Shares, where all of them will be pledged to First Shanghai Securities. The threshold also includes the Shares held by other principal members of the Offeror Concert Parties, namely Mr. Wu Guangze and Ms. Duan Wei and their respective controlled companies (in aggregate 154,696,903 Shares or approximately 7.45% of all issued Shares).