德林證券
DL SECURITIES
香港交易所上市公司(1709.HK)

首盛資本集團
Alpha Financial Group

17 September 2026

To the Independent Shareholders:

Dear Sir or Madam,

UNCONDITIONAL MANDATORY CASH OFFER BY DL SECURITIES (HK) LIMITED FOR AND ON BEHALF OF GROUND GROUP (HONG KONG) CO., LIMITED TO ACQUIRE ALL THE ISSUED SHARES IN CHINA CHANGBAISHAN INTERNATIONAL HOLDINGS LIMITED (OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY THE OFFEROR AND PARTIES ACTING IN CONCERT WITH IT)

INTRODUCTION

References are made to (i) the Joint Announcement jointly published by the Offeror and the Company dated 15 July 2026 in relation to, among other things, the Restructuring Framework Agreement and the Offer; (ii) the Circular in relation to the (a) Restructuring Framework Agreement and the transactions contemplated thereunder; (b) the Specific Mandate; (c) the Scheme; (d) the Subscription; and (e) the Special Deal; (iii) the poll results announcement of the Company dated 9 September 2026 in relation to the SGM; and (iv) the announcement jointly published by the Offeror and the Company dated 11 September 2026 in relation to the Completion.

As stated in the Joint Announcement, the making of the Offer was conditional upon Completion of the conditions precedent of the Proposed Restructuring, including but not limited to the passing of the necessary resolutions by the Shareholders or the Independent Shareholders (as the case may be) at the SGM for the Scheme, the Restructuring Framework Agreement, the Subscription Agreement and the transactions contemplated thereunder. As at the Scheme Effective Date, all the conditions precedent of the Scheme have been fulfilled. As at the Restructuring Effective Date, all conditions precedent of the Proposed Restructuring have been fulfilled. As disclosed in the announcement jointly published by the Offeror and the Company dated 11 September 2026 in relation to the Completion, Completion took place on 11 September 2026.

UNCONDITIONAL MANDATORY CASH OFFER

As at the date of the Joint Announcement, Charm Success and Ka Yik are interested in 18,356,035 Shares and 89,739,018 Shares, representing approximately 5.10% and 24.91% of the issued share capital of the Company, respectively. Charm Success and Ka Yik are both companies wholly owned by Deep Wealth Holding Limited, which is in turn held by TMF (Cayman) Ltd. as the trustee of the Ground Trust. The Ground Trust is a discretionary trust set up by Ms. Cui as settlor and protector, and TMF (Cayman) Ltd. as trustee on 27 July 2016.

Pursuant to the definition under the Takeovers Code, Ground Group HK, Mr. Cui, Ms. Chai, Ms. Cui, Jilin Ground Group, Xin Guangze, Jilin Guangxun Investment, Jilin Xinquan, Jilin Xinshun, Jilin Zexiao, Ka Yik and Charm Success are presumed to be acting in concert by virtue of classes (1) and (8) of the definition of "acting in concert" under the Takeovers Code, and as a matter of fact are, parties acting in concert. Please refer to the section headed "Information of the Offeror" in this letter and Appendix V as contained in this Composite Document for details of the Offeror.

As at the Latest Practicable Date, the full amount of HK$39,000,000 under the Funding Agreement has been drawn down. Assuming that there is no other change in the number of issued Shares since the date of Completion and up to the Latest Practicable Date, pending determination and/or adjudication of the Admitted Scheme Claim and taking into account (i) the entitlement of an aggregate of 2,691,468,186 Scheme Shares upon Completion, which are held by the Scheme Company on trust for the benefit of Ground Group HK and Ka Yik; and (ii) the 368,767,181 Shares already owned by the Concert Party Group. The aggregate shareholding interest of the Concert Party Group would increase from 108,767,181 Shares, representing approximately 30.20% of the issued Shares as at the date of the Joint Announcement to 3,060,235,367 Shares, representing approximately 57.07% of the Enlarged Issued Share Capital.

As disclosed in the announcement jointly published by the Offeror and the Company dated 11 September 2026 in relation to the Completion, Completion took place on 11 September 2026. Accordingly, the Concert Party Group would trigger an obligation to make a mandatory general offer for all the issued Shares (other than those already owned or agreed to be acquired by the Concert Party Group) under Rule 26.1 of the Takeovers Code.

In light of the Irrevocable Undertaking in respect of the Scheme Shares, as at the Latest Practicable Date, the remaining 251,414,759 Shares, being 5,362,635,631 issued Shares (i.e. the total number of the Enlarged Issued Share Capital) after deducting the 368,767,181 issued Shares held by the Concert Party Group and 4,742,453,691 Scheme Shares issued to the Scheme Company, will be subject to the Offer.

Irrevocable Undertaking

The Scheme Administrators and the Scheme Company have irrevocably and unconditionally undertaken to and covenant with the Company and the Offeror that: (a) they will not accept the Offer in respect of any Scheme Shares (including any Scheme Share held by it on trust for the benefit of the Scheme Creditors), (b) they will not transfer, sell, encumber or otherwise dispose of any Scheme Shares, and (c) they will not distribute, transfer or otherwise deliver any Scheme Shares to any Scheme Creditor, from the date of the Irrevocable Undertaking until the close of the Offer.

PRINCIPAL TERMS OF THE OFFER

The Offer

DL Securities, for and on behalf of the Offeror, is making the Offer to acquire all the remaining 251,414,759 Shares as enlarged by the Scheme Shares and the Subscription Shares immediately after Completion (exclusive of the 368,767,181 issued Shares held by the Concert Party Group and the 4,742,453,691 Scheme Shares issued to the Scheme Company) in compliance with the Takeovers Code, on the terms to be set out in this Composite Document on the following basis:

For each Offer Share...HK$0.15 in cash

The Offer Price of HK$0.15 per Offer Share is equivalent to the Subscription Price per Subscription Share and the Issue Price per Scheme Share (assuming there will be in aggregate of approximately HK$711,368,054 of Admitted Scheme Claims).

The Offeror confirms that the Offer Price is final and will not be increased.

As at the Latest Practicable Date, there are 5,362,635,631 Shares in issue, as enlarged by the allotment and issue of the Scheme Shares and the Subscription Shares. The outstanding 515,000 Share Options have not been exercised and have lapsed on 17 April 2026. Accordingly, as at the Latest Practicable Date, the Company does not have any outstanding options, derivatives, warrants or relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) which are convertible or exchangeable into Shares and has not entered into any agreement for the issue of such options, derivatives, warrants or securities which are convertible or exchangeable into Shares.

The Offer is unconditional in all aspects when made, and is not conditional upon any minimum level of acceptances being received or any other conditions.

The Bonds

For the avoidance of doubt, as at the Latest Practicable Date, the Bonds have matured and are no longer convertible into issued Shares. Subject to the distribution of the Scheme Shares, the Bonds will be discharged, and the Company shall take such other action as may be required to effect the cancellation, mark down and discharge of the Bonds. Accordingly, no offer will be made for the Bonds.

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 (7) Business Days after the date on which the duly completed acceptances of the Offer and the relevant documents of title in respect of such acceptances are received by the Offeror (or its agent) to render each such acceptance complete and valid.

No fractions of a cent will be payable and the amount of the consideration payable to a Shareholder who accepts the Offer will be rounded up to the nearest cent.

Value of the Offer

In light of the Irrevocable Undertaking in respect of the Scheme Shares, as at the Latest Practicable Date, the remaining 251,414,759 Shares, being the total number of the Enlarged Issued Share Capital less the Shares held by the Concert Party Group and the Scheme Shares, will be subject to the Offer. The value of the Offer is approximately HK$37.7 million.

Comparisons of value

The Offer Price of HK$0.15 per Offer Share represents:

(i) a discount of approximately 72.73% to the closing price of HK$0.55 per Share as quoted on the Stock Exchange on the Latest Practicable Date;

(ii) a discount of approximately 79.17% to the closing price of HK$0.72 per Share as quoted on the Stock Exchange on the Last Trading Day;

(iii) a discount of approximately 80.21% to the average closing price of HK$0.758 per Share as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Day;

(iv) a discount of approximately 80.89% to the average closing price of HK$0.785 per Share as quoted on the Stock Exchange for the last ten trading days up to and including the Last Trading Day;

(v) a premium of approximately HK$1.69 over the Group's audited consolidated net liabilities per Share of approximately HK$1.54 as at 31 March 2026, based on the audited consolidated net liabilities attributable to the Shareholders of approximately RMB489.5 million (equivalent to approximately HK$554.6 million) as at 31 March 2026 and 360,181,940 Shares in issue, prior to the allotment and issue of the Subscription Shares and the Scheme Shares;

(vi) a premium of approximately HK$1.56 over the Group's adjusted unaudited consolidated net liabilities per Share of approximately HK$1.41 as at 31 March 2026, the calculation of which is set out in the paragraph headed "5. ADJUSTED UNAUDITED CONSOLIDATED NET LIABILITIES" in Appendix II to this Composite Document; and

(vii) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of approximately 75.32%, represented by the theoretical diluted price of approximately HK$0.192 per Share (based on the total number of issued Shares as enlarged by the allotment and issue of the Subscription Shares and the Scheme Shares) to the benchmarked price of HK$0.778 per Share (as defined under Rule 7.27B of the Listing Rules), taking into account the higher of the closing price on the date of the Subscription Agreement and the Restructuring Framework Agreement of HK$0.720 per Share and the average of the closing prices of the Shares as quoted on the Stock Exchange for the five consecutive trading days prior to the date of the Subscription Agreement and the Restructuring Framework Agreement of HK$0.778 per Share.

Highest and lowest Share prices

The lowest and highest closing market prices of the Shares recorded on the Stock Exchange during the Relevant Period were HK$0.420 on 19 and 20 May 2026 and HK$0.920 on 24 June 2026, respectively.

Confirmation of financial resources available for the Offer

The Offeror intends to finance the entire consideration payable under the Offer by the Facility extended by DL Securities in the amount of up to HK$40.0 million. The Facility is secured by the Share Charges over the Concert Party Shares held by the Concert Party Group upon Completion and the Shares to be acquired by the Concert Party Group during the Offer Period and under the Offer. Pursuant to the terms of the Facility, so long as any part of the Facility or any other amounts payable under the Facility remain outstanding, the Offer Shares acquired by the Offeror under the Offer shall be deposited to the margin securities account of the Offeror with DL Securities from time to time.

DL Securities and Alpha Financial, being the joint financial advisers to the Offeror in connection with the Offer, are satisfied that sufficient financial resources are available to the Offeror to satisfy the total consideration payable by the Offeror upon full acceptances of the Offer.

Effect of accepting the Offer

By accepting the Offer, the Shareholders will be deemed to constitute a warranty by such person that all the Shares to be sold by such person under the Offer are free from all encumbrances together with all rights attached thereto, including but not limited to all rights to receive any dividend or other distribution declared, made or paid on or after the date on which the Offer is made, being the date of this Composite Document.

Acceptances of the Offer shall be irrevocable and not capable of being withdrawn, except as otherwise permitted under the Takeovers Code.

As at the Latest Practicable Date, (a) no dividends or distributions have been declared but unpaid; and (b) there is no intention for the Company to make, declare or pay any dividends or distributions.

Hong Kong Stamp duty

Seller's Hong Kong ad valorem stamp duty on acceptances of the Offer at a rate of 0.1% of the total consideration payable in respect of the relevant acceptances or, if higher, the market value of the Offer Shares subject to such acceptance, will be deducted from the amounts payable to Independent Shareholders who accept the Offer. The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of the Independent Shareholders who accept the Offer and pay the buyer's Hong Kong ad valorem stamp duty in connection with the acceptance of the Offer and the transfers of the relevant Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

Availability of the Offer

The Offeror intends to make the Offer available to all Independent Shareholders, including Overseas Shareholders. However, the Offer to persons not resident in Hong Kong may be affected by the laws and regulations of the relevant jurisdiction in which they are resident. The making of the Offer to persons with a registered address in jurisdictions outside Hong Kong may be prohibited or limited by the laws or regulations of the relevant jurisdictions. Overseas Shareholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should fully observe any applicable legal or regulatory requirements and, where necessary, seek independent legal and professional advice. It is the responsibility of the Overseas Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offer (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due from such Overseas Shareholders in respect of such jurisdictions).

Based on the register of members of the Company, as at the Latest Practicable Date, there were 2,652 Overseas Shareholders, holding 20,031,616 Shares (representing approximately 0.4% of the total issued share capital of the Company). The Overseas Shareholders are located in the PRC, BVI, Singapore, Malaysia, Canada, the United States of America, Australia, New Zealand, Taiwan, Switzerland, Mauritius, Japan, India, Brunei, the United Kingdom and Indonesia.

Any acceptance of the Offer by any Overseas Shareholders will be deemed to constitute a representation and warranty from such Overseas Shareholders to the Offeror that the local laws and requirements have been complied with. Overseas Shareholders should consult their professional advisers if in doubt.

Taxation advice

The Independent Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offer. None of the Concert Party Group, the Company, DL Securities, Alpha Financial, Lego Corporate Finance and their respective ultimate beneficial owners, directors, officers, advisers, agents or associates or any other person involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

INFORMATION ON THE GROUP

Details of the information on the Group are set out in the section headed "Information on the Group" in the "Letter from the Board" and Appendix IV as contained in this Composite Document.

INFORMATION ON THE OFFEROR

Ground Group HK is a company incorporated in Hong Kong with limited liability and is wholly owned by Jilin Ground Group, which is in turn wholly owned by Xin Guangze.

Xin Guangze is a company established in the PRC with limited liability and is owned as to approximately 75.00%, 10.00% and 15.00% by each of Jilin Guangxun Investment, Jilin Xinquan and Jilin Xinshun, respectively.

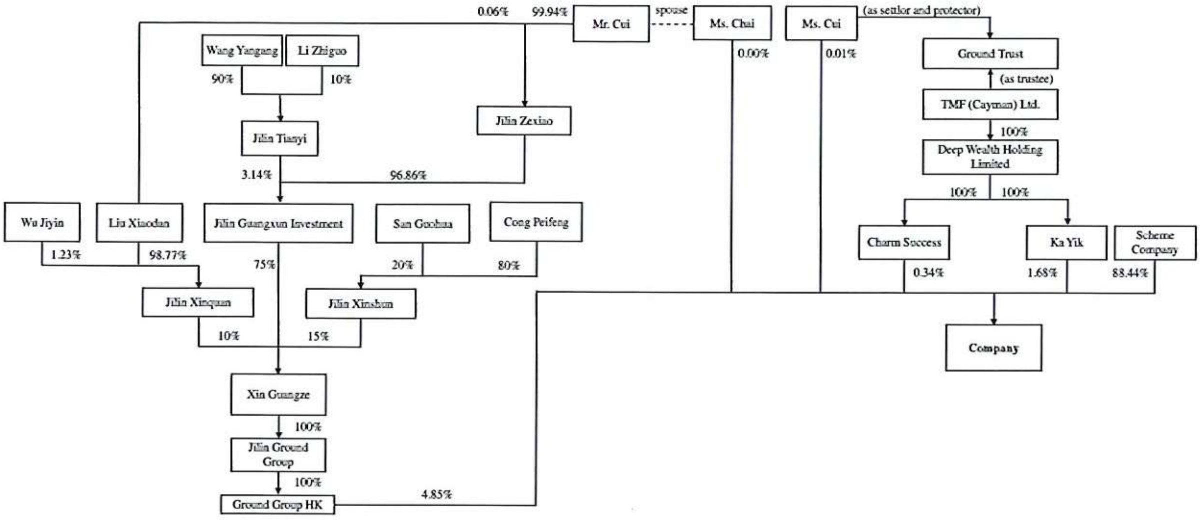
Jilin Guangxun Investment is a company established in the PRC with limited liability and is owned as to approximately 96.86% by Mr. Cui and 劉曉丹 (Liu Xiaodan*) through Jilin Zexiao and as to approximately 3.14% by 王彥剛 (Wang Yangang*) and 李志國 (Li Zhiguo*) through Jilin Tianyi. Wang Yangang and Li Zhiguo are Independent Third Parties, each of whom does not have any relationship with Mr. Cui.

Jilin Xinquan is a company established in the PRC with limited liability and is owned as to approximately 98.77% by 劉曉丹 (Liu Xiaodan*) and approximately 1.23% by 吳紀雨 (Wu Jiyu*) respectively. Liu Xiaodan is the cousin of Mr. Cui. Wu Jiyu is an Independent Third Party and does not have any relationship with Mr. Cui.

Jilin Xinshun is a company established in the PRC with limited liability and is owned as to 80% by Mr. Cong and 20% by 孫國華 (Sun Guohua*) respectively. Mr. Cong is an executive Director and Sun Guohua is an Independent Third Party. Each of Mr. Cong and Sun Guohua does not have any relationship with Mr. Cui.

Ground Group HK is principally engaged in investment holdings.

The shareholding structure of the Offeror as at the Latest Practicable Date is set out as follows:



Based on the available books, records and information of the Company and pending determination and/or adjudication of the Admitted Scheme Claims, the total claim amount owed by the Company to Ground Group HK and Ka Yik is HK$403,720,228.11. Accordingly, Ground Group HK and Ka Yik will be entitled to the aggregate of 2,691,468,186 Scheme Shares upon Completion, representing approximately 50.20% of the issued share capital of the Company as at the Latest Practicable Date, which are held by the Scheme Company on trust for the benefit of Ground Group HK and Ka Yik. The determination and/or adjudication of the Admitted Scheme Claims will be conducted as soon as practicable subsequent to Completion under the terms of the Scheme, and is expected to be completed in November 2026. Further, Ground Group HK has subscribed for 260,000,000 Subscription Shares by way of set-off against amounts owing under the Funding Agreement, representing approximately 4.85% of the issued share capital of the Company as at the Latest Practicable Date.

INTENTION OF THE OFFEROR IN RELATION TO THE GROUP

The Group is principally engaged in property development and management, including planning designing, budgeting, licensing, contract tendering and contract administration, property investment and cultivation and sales of ginseng assets in the PRC. The Offeror has no intention (i) to discontinue the employment of the employees or change the composition of the Board; (ii) to dispose of or re-deploy the assets of the Group other than those in its ordinary course of business; and (iii) to downsize, cease or dispose of any of the existing businesses, operations and assets of the Group. The Offeror also intends to continue the existing principal business of the Group immediately following the completion of the Offer. It is currently intended that, subject to the review by the Offeror from time to time, current directors of the Group's subsidiary who are necessary to participate in the Group's ongoing operations will remain as directors at the relevant Group companies following the completion of the Offer.

Considering the severe liquidity shortage and financial distress situation of the Company, the Offeror intends to provide support in the implementation of the restructuring plan and the continuous business development of the Group. Nevertheless, the Offeror will conduct a detailed review on the existing principal businesses and operations, and the financial position of the Group for the purpose of formulating business plans and strategies for the Group's long-term business development and will explore other business opportunities for the Group, including the diversification into the ginseng and mineral water businesses. Subject to the results of the review, and should suitable investment or business opportunities arise, the Offeror may consider whether any assets and/or business acquisitions or disposals by the Group will be appropriate in order to enhance its growth.

As at the Latest Practicable Date, no investment or business opportunity had been identified nor had the Offeror entered into any agreement, arrangement, understanding or negotiation in relation to the injection of any assets or business into the Group, nor any business opportunities in relation to the injection of any assets or business into the Group were under consideration or negotiation.

PUBLIC FLOAT AND MAINTENANCE OF THE LISTING STATUS OF THE COMPANY

The Stock Exchange has stated that:

(a) if, at the close of the offer, the Stock Exchange believes that:

- a false market exists or may exist in the trading of the shares; or

- an orderly market does not exist or may not exist;

it will consider exercising its discretion to suspend dealings in the shares; and

(b) if, at the close of the offer, the listed issuer has a Significant Public Float Shortfall (as defined in Rule 13.32F of the Listing Rules), then:

- the Stock Exchange will add a designated marker to the stock name of the listed shares; and

- the Stock Exchange will cancel the listing of the issuer's shares if the issuer fails to re-comply with Rule 13.32B of the Listing Rules for a continuous period of 18 months from the commencement of the Significant Public Float Shortfall.

The Offeror intends the Company to remain listed on the Stock Exchange after the close of the Offer. Mr. Cong Peifeng, being the sole director of the Offeror, has undertaken under Rule 14.81(3) of the Listing Rules to the Stock Exchange that if, at the close of the Offer, the Company fails to comply with the requirement of Rule 13.32B, he will take appropriate steps to ensure the Company's compliance with the Rule 13.32B at the earliest possible moment.

ACCEPTANCE AND SETTLEMENT OF THE OFFER

Your attention is drawn to the details regarding the procedures for acceptance and settlement of the Offer as set out in Appendix I to this Composite Document and the accompanying Form of Acceptance.

COMPULSORY ACQUISITION

The Offeror does not intend to avail itself of any powers of compulsory acquisition of any Shares outstanding after the close of the Offer.

GENERAL

This Composite Document has been prepared for the purposes of complying with the laws of Hong Kong, the Takeovers Code and the Listing Rules and the information disclosed may not be the same as which would have been disclosed if this Composite Document had been prepared in accordance with the laws of jurisdictions outside Hong Kong.

All communications, notices, Form(s) of Acceptance, share certificate(s), transfer receipt(s), other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and remittances to settle the consideration payable under the Offer to be delivered by or sent to or from the Independent Shareholders will be delivered by or sent to or from them, or their designated agents, by ordinary post at their own risk, and none of the Company, the Concert Party Group, DL Securities, Alpha Financial, Lego Corporate Finance, the Independent Financial Adviser and any of their respective directors nor the Registrar or other parties involved in the Offer or any of their respective agents accept any liability for any loss in postage, delay in transmission or any other liabilities that may arise as a result thereof.

ADDITIONAL INFORMATION

Your attention is drawn to the "Letter from the Board", the "Letter from the TC Independent Board Committee", the "Letter from the Independent Financial Adviser" and the additional information set out in the appendices to this Composite Document and the accompanying Form of Acceptance, which forms part of this Composite Document, before reaching a decision as to whether or not to accept the Offer.

Yours faithfully,
For and on behalf of
DL Securities (HK) Limited

Tommy Cheng
Managing Director
Corporate Finance
Division

Nathan Au
Managing Director
Corporate Finance
Division

Yours faithfully,
For and on behalf of
Alpha Financial Group Limited

Cheng Chi Ming, Andrew
Managing Director

Irene Ho
Head of
Corporate Finance,
Senior Vice President