

9 April 2025

To the Independent Shareholders,

Dear Sir or Madam,

**MANDATORY UNCONDITIONAL CASH OFFER BY
YELLOW RIVER SECURITIES LIMITED FOR AND ON BEHALF OF
CHINA ALLIANCE VENTURE LIMITED TO ACQUIRE ALL THE ISSUED
SHARES OF CHINA WACAN GROUP COMPANY LIMITED (OTHER THAN
THOSE ALREADY OWNED AND/OR AGREED TO BE ACQUIRED BY
CHINA ALLIANCE VENTURE LIMITED AND/OR PARTIES ACTING IN
CONCERT WITH IT)**

INTRODUCTION

We refer to the Composite Document issued jointly by the Offeror and the Company dated 9 April 2025 of which this letter forms part. Unless the context requires otherwise, terms used in this letter shall have the same meaning as those defined in the Composite Document.

We have been appointed by the Board to form the Independent Board Committee to consider and to advise the Independent Shareholders as to whether the Offer is fair and reasonable and to make a recommendation as to the acceptance of the Offer.

Merdeka Corporate Finance Limited has been appointed as the Independent Financial Adviser to advise us in respect of the above. Detail of its advice and the principal factors and reasons taken into consideration in arriving at its recommendation are set out in the “Letter from the Independent Financial Adviser” on pages 27 to 52 of the Composite Document.

We also wish to draw your attention to the “Letter from Yellow River Securities” and the “Letter from the Board” as set out in the Composite Document as well as the additional information set out in the appendices to the Composite Document.

We, being the members of the Independent Board Committee, have declared that, we are independent and do not have any conflict of interest in respect of the Offer and are therefore able to consider the Offer and to make recommendations to the Independent Shareholders.

RECOMMENDATIONS

Having considered the terms of the Offer and the advice from the Independent Financial Adviser, in particular the factors, reasons and recommendations as set out in its letter in the Composite Document, we consider that the Offer is not fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders not to accept the Offer. The Independent Shareholders are recommended to read the full text of the “Letter from the Independent Financial Adviser” as set out in the Composite Document.

However, for those Independent Shareholders who are considering to realise all or part of their holdings in the Shares, they should closely monitor the market price and liquidity of the Shares during the period of the Offer. Should the sale proceeds (net of transaction costs) exceed the net proceeds receivable under the Offer, the Independent Shareholders may wish to consider selling their Shares in the market instead of accepting the Offer.

Notwithstanding our recommendations, the Independent Shareholders are strongly advised that their decision to realise or to hold their investment in the Shares depends on their own individual circumstances and investment objectives. If in any doubt, the Independent Shareholders should consult their own professional advisers for professional advice.

Yours faithfully,
For and on behalf of the
Independent Board Committee

Ms. Ding Xin
Independent
non-executive Director

Mr. Zhu Qi
Independent
non-executive Director


Ms. Zhang Lingke
Independent
non-executive Director

Yours faithfully,
For and on behalf of the
Independent Board Committee



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Independent
non-executive Director

Mr. Zhu Qi
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