



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

**(Stock code: 3799)**

31 July 2023

*To the Disinterested Shareholders*

Dear Sir/Madam,

- 1) PROPOSAL FOR THE PRIVATISATION OF DALI FOODS GROUP COMPANY LIMITED BY THE OFFEROR BY WAY OF A SCHEME OF ARRANGEMENT (UNDER SECTION 86 OF THE COMPANIES ACT)**
- 2) PROPOSED WITHDRAWAL OF LISTING**
- 3) SPECIAL DEAL RELATING TO THE ROLLOVER ARRANGEMENT**

Reference is made to the joint announcement dated 27 June 2023 jointly issued by the Offeror and the Company in relation to the Proposal and the scheme document dated 31 July 2023 jointly issued by the Offeror and the Company in relation to the Proposal, the Scheme and the Rollover Arrangement (the “**Scheme Document**”), the latter of which this letter forms part. Unless the context requires otherwise, capitalised terms used in this letter shall have the same meanings as those defined in the Scheme Document.

We have been appointed by the Board as the Independent Board Committee to make a recommendation to the Disinterested Shareholders as to whether the terms of the Proposal, the Scheme and the Rollover Arrangement are, or are not, fair and reasonable and whether to vote in favour of the Scheme at the Court Meeting and the General Meeting. Details of the Proposal, the Scheme and the Rollover Arrangement are set out in the letter from the Board and the Explanatory Memorandum set out in Part V and Part VIII of the Scheme Document, respectively.

Gram Capital, the Independent Financial Adviser, has been appointed by the Company with our approval, to advise us on the Proposal, the Scheme and the Rollover Arrangement. The details of its advice and the principal factors taken into consideration in arriving at its advice are set out in the letter from Gram Capital in Part VII of the Scheme Document.

In the letter from Gram Capital as set out in Part VII of the Scheme Document, Gram Capital states that it considers the terms of the Proposal, the Scheme and the Rollover Arrangement are fair and reasonable as far as the Disinterested Shareholders are concerned, and advises the Independent Board Committee to recommend the Disinterested Shareholders to vote in favour of the relevant resolutions to be proposed at the Court Meeting and the General Meeting to approve and implement the Proposal and the Scheme; and (ii) at the General Meeting to approve the Rollover Arrangement.

The Independent Board Committee, having considered the terms of the Proposal, the Scheme and the Rollover Arrangement, and having taken into account the advice of Gram Capital, and in particular the factors, reasons and recommendations set out in its letter, considers that the terms of the Proposal, the Scheme and the Rollover Arrangement are fair and reasonable as far as the Disinterested Shareholders are concerned.

Accordingly, the Independent Board Committee recommends:

- (1) at the Court Meeting, the Disinterested Shareholders to vote in favour of the resolution to approve the Scheme; and
- (2) at the General Meeting,
  - (a) the Shareholders to vote in favour of:
    - (i) the special resolution to approve the Scheme and any reduction of the share capital of the Company associated with cancelling and extinguishing the Scheme Shares;
    - (ii) the ordinary resolution to simultaneously maintain the issued share capital of the Company at the amount prior to the cancellation of the Scheme Shares and apply the reserve created as a result of the aforesaid cancellation of the Scheme Shares to pay up in full at par the new Shares, credited as fully paid, for issuance to the Offeror; and
  - (b) the Disinterested Shareholders to vote in favour of the ordinary resolution to approve the Rollover Arrangement.

The Independent Board Committee draws the attention of the Disinterested Shareholders to (i) the letter from the Board as set out in Part V of the Scheme Document; (ii) the letter from Gram Capital, which sets out the principal factors taken into consideration in arriving at its advice to the Independent Board Committee, as set out in Part VII of the Scheme Document; and (iii) the Explanatory Memorandum as set out in Part VIII of the Scheme Document.

Yours faithfully,  
Independent Board Committee




**Ms. HU Xiaoling**  
*Non-Executive  
Director*

**Mr. NG Kong Hing**  
*Independent Non-  
Executive Director*

**Mr. LIU Xiaobin**  
*Independent Non-  
Executive Director*

**Dr. LIN Zhijun**  
*Independent Non-  
Executive Director*

Yours faithfully,  
Independent Board Committee

A handwritten signature in black ink, consisting of a large, rounded loop on the left, a small vertical stroke in the middle, and a large, rounded loop on the right.

**Ms. HU Xiaoling**  
*Non-Executive  
Director*

**Mr. NG Kong Hing**  
*Independent Non-  
Executive Director*

**Mr. LIU Xiaobin**  
*Independent Non-  
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*Independent Non-  
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Independent Board Committee

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