

22 February 2024

To the Independent Shareholders

Dear Sir or Madam,

**CONNECTED TRANSACTIONS
RECEIPT OF FINANCIAL ASSISTANCE AND
PROVISION OF SECURITY**

We refer to the circular of the Company to the Shareholders dated 22 February 2024 (the “**Circular**”), of which this letter forms a part. Unless the context requires otherwise, capitalised terms used in this letter will have the same meanings given to them in the section headed “DEFINITIONS” of the Circular.

We are members of the Independent Board Committee which has been formed by the Board to advise the Independent Shareholders as to whether the terms of the Transactions are fair and reasonable so far as the Independent Shareholders are concerned.

We also wish to draw your attention to the letter of advice from Dakin, being the Independent Financial Adviser appointed to advise the Independent Board Committee and the Independent Shareholders on the terms of the Transactions, which contains, among other things, Dakin’s advice, opinions and recommendations regarding the terms of the Transactions, as set out on pages 21 to 39 of the Circular, and the Letter from the Board as set out on pages 4 to 18 of the Circular.

Taking into account the reasons relating to the Transactions and their terms and to the advice and, in particular, the recommendations of the Independent Financial Adviser stated in its letter of advice dated 22 February 2024, on the basis that the winding up of the Company is the worst situation to the shareholders and to the Company as a whole, the Transactions provide the possibility for the Company to avoid the worst situation to the shareholders and to the Company as a whole, and under the possible circumstance that the extension of the undertaking is not granted after the provision of Share Charge to CALT, the shareholders and the Company as a whole will not result in a worse situation, we consider that (i) the terms of the Transactions to be in ordinary course of business and are on normal commercial terms and, therefore, fair and reasonable so far as the Independent Shareholders are concerned; and (ii) the Transactions to be in the interests of the Company and the Shareholders as a whole and, accordingly, we recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Transactions and the respective transactions contemplated thereunder.

Yours faithfully,

Independent Board Committee of
China Engene International (Holdings) Limited



Lau Fai Lawrence
*Independent Non-executive
Director*

Gordon Ng

*Independent Non-executive
Director*



Li Dapeng
*Independent Non-executive
Director*

Taking into account the reasons relating to the Transactions and their terms and to the advice and, in particular, the recommendations of the Independent Financial Adviser stated in its letter of advice dated 22 February 2024, on the basis that the winding up of the Company is the worst situation to the shareholders and to the Company as a whole, the Transactions provide the possibility for the Company to avoid the worst situation to the shareholders and to the Company as a whole, and under the possible circumstance that the extension of the undertaking is not granted after the provision of Share Charge to CALT, the shareholders and the Company as a whole will not result in a worse situation, we consider that (i) the terms of the Transactions to be in ordinary course of business and are on normal commercial terms and, therefore, fair and reasonable so far as the Independent Shareholders are concerned; and (ii) the Transactions to be in the interests of the Company and the Shareholders as a whole and, accordingly, we recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Transactions and the respective transactions contemplated thereunder.

Yours faithfully,
Independent Board Committee of
China Engene International (Holdings) Limited



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