

**THIS COMPOSITE DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

If you are in any doubt as to any aspect of the Offer, this Composite Document and/or the accompanying Form(s) of Acceptance or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Kingwisoft Technology Group Company Limited, you should at once hand this Composite Document and the accompanying Form(s) of Acceptance to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this Composite Document and the accompanying Form(s) of Acceptance, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Composite Document and the accompanying Form(s) of Acceptance.

This Composite Document should be read in conjunction with the accompanying Form(s) of Acceptance, the contents of which form part of the terms and conditions of the Offer.

**NINEGO CORPORATION**

*(Incorporated in the British Virgin Islands with limited liability)*

**Kingwisoft Technology Group  
Company Limited**

**金慧科技集團股份有限公司**

*(Formerly known as ZZ Technology Group Company Limited*

*中植科技集團股份有限公司)*

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

**(Stock Code: 08295)**

**COMPOSITE DOCUMENT RELATING TO  
UNCONDITIONAL MANDATORY CASH OFFER BY  
OPUS SECURITIES LIMITED FOR AND ON BEHALF OF  
THE OFFEROR TO ACQUIRE ALL THE ISSUED SHARES IN  
KINGWISOFT TECHNOLOGY GROUP COMPANY LIMITED  
(OTHER THAN THOSE ALREADY OWNED AND/OR  
AGREED TO BE ACQUIRED BY THE OFFEROR,  
ITS ULTIMATE BENEFICIAL OWNERS AND  
PARTIES ACTING IN CONCERT WITH ANY OF THEM)**

**Financial Adviser to the Offeror**



**Offer Agent to the Offeror**



**Independent Financial Adviser to the Independent Board Committee**

**RAINBOW.**

RAINBOW CAPITAL (HK) LIMITED  
溢博資本有限公司

Capitalised terms used on this cover page shall have the same meanings as those defined in this Composite Document unless the content requires otherwise.

A "Letter from Opus Securities", containing among other things, the details of the terms and conditions of the Offer, is set out on pages 9 to 18 of this Composite Document. A "Letter from the Board" is set out on pages 19 to 27 of this Composite Document. A "Letter from the Independent Board Committee" containing its recommendation in respect of the Offer to the Offer Shareholders is set out on pages 28 to 29 of this Composite Document. A "Letter from Rainbow Capital" containing its advice to the Independent Board Committee in respect of the Offer is set out on pages 30 to 53 of this Composite Document.

The procedures for acceptance and settlement as well as other related information of the Offer are set out in Appendix I to this Composite Document and in the accompanying Form(s) of Acceptance. Form of Acceptance must be received by the Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong by no later than 4:00 p.m. on Tuesday, 24 October 2023, 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.

Any persons including, without limitation, custodians, nominees and trustees, who would, or otherwise intend to, forward this Composite Document and/or the accompanying Form(s) of Acceptance to any jurisdiction outside Hong Kong should read the paragraphs headed "Overseas Shareholders" in the "Letter from Opus Securities" and "7. Overseas Shareholders" in Appendix I to this Composite Document before taking any action. It is the sole 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, exchange control or other consents and any registration or filing which may be required or the compliance with other necessary formalities, or legal and regulatory requirements and the payment of any transfer or other taxes or other required payments due from the Overseas Shareholders in respect of such jurisdictions. Overseas Shareholders are advised to seek professional advice on deciding whether to accept the Offer (as applicable).

This Composite Document is issued jointly by the Offeror and the Company.

This Composite Document will remain on the websites of the Stock Exchange at <http://www.hkexnews.hk> and the Company at <http://www.kwtech-group.com/as> long as the Offer remain open. In case of any inconsistency, the English language text of this Composite Document and the accompanying Form of Acceptance shall prevail over their respective Chinese language text.

3 October 2023

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## **CHARACTERISTICS OF GEM**

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

## EXPECTED TIMETABLE

**All references to date and time contained in this Composite Document and the Form(s) of Acceptance refer to Hong Kong date and time.**

The expected timetable set out below is indicative only and is subject to change. Any changes to the timetable will be jointly announced by the Offeror and the Company.

Despatch date of this Composite Document and  
the accompanying Form(s) of Acceptance and  
commencement date of the Offer (*Note 1*) ..... Tuesday, 3 October 2023

Latest time and date for acceptance  
of the Offer (*Notes 2 and 5*) ..... 4:00 p.m.  
on Tuesday, 24 October 2023

Closing Date (*Notes 3 and 5*) ..... Tuesday, 24 October 2023

Announcement of the results of the Offer  
(or its extension or revision, if any)  
as at the Closing Date, to be posted  
on the website of the Stock Exchange  
(*Notes 3 and 5*) ..... no later than 7:00 p.m.  
on Tuesday, 24 October 2023

Latest date for posting of remittances for  
the amount due in respect of valid  
acceptances received under the Offer  
on the Closing Date (*Notes 4 and 5*) ..... Thursday, 2 November 2023

### *Notes:*

1. The Offer, which is unconditional, is open for acceptance on and from Tuesday, 3 October 2023, being the date of posting of this Composite Document, and is capable of acceptance on and from that date until 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. Acceptances of the Offer shall be irrevocable and not capable of being withdrawn, except in the circumstances set out in the paragraph headed “6. Right of Withdrawal” in Appendix I to this Composite Document.
2. Beneficial owners of Shares who hold their Shares in CCASS directly as an investor participant or indirectly via a broker or custodian participant should note the timing requirements (as set out in Appendix I to this Composite Document) for causing instructions to be made to CCASS in accordance with the General Rules of CCASS and CCASS Operational Procedures.
3. In accordance with the Takeovers Code, the Offer must initially be open for acceptance for at least 21 days following the date on which this Composite Document is posted. The Offer will initially remain open for acceptances until 4:00 p.m. on Tuesday, 24 October 2023 unless the Offeror revises or extends the Offer in accordance with the Takeovers Code. An announcement will be issued through the website of the Stock Exchange by 7:00 p.m. on the Closing Date stating the results of the Offer and whether the Offer has been extended, revised or expired. The Offeror has the right under the Takeovers Code to extend the Offer until such date as it may determine in accordance with the Takeovers Code (or as permitted by the Executive in accordance with the Takeovers Code). The Offeror and the Company will jointly issue an announcement in relation to any extension of the Offer, in which the announcement will state either the next closing date or, a

## EXPECTED TIMETABLE

statement that the Offer will remain open until further notice. In the latter case, at least 14 days' notice in writing must be given before the Offer is closed to those Offer Shareholders who have not accepted the Offer.

4. Remittances in respect of the cash consideration (after deducting the seller's ad valorem stamp duty in respect of acceptances of the Offer) payable for the Offer Shares tendered (as the case may be) under the Offer will be despatched to the accepting Offer Shareholder(s), respectively, (to the address specified on the relevant Form(s) of Acceptance) by ordinary post at his/her/its own risk as soon as possible, but in any event within seven (7) Business Days following the date of receipt by the Registrar of all the relevant documents to render the acceptance under the Offer complete and valid.
5. If there is a tropical cyclone warning signal number 8 or above, or a "black rainstorm warning signal", (i) in force in Hong Kong at any local time before 12:00 noon but no longer in force after 12:00 noon on the latest date for acceptance of the Offer and the latest date for posting of remittances for the amounts due under the Offer in respect of valid acceptances, the latest time for acceptance of the Offer will remain at 4:00 p.m. on the same Business Day and the date of posting of remittances will remain on the same Business Day; or (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the latest date for acceptance of the Offer and the latest date for posting of remittances for the amounts due under the Offer in respect of valid acceptances, the latest time for acceptance of the Offer will be rescheduled to 4:00 p.m. on the following Business Day and the date of posting of remittances will be rescheduled to the following Business Day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m.
6. Save as mentioned above, if the latest time for acceptance of the Offer does not take effect on the date and time as stated above, the other dates mentioned above may be affected. The Offeror and the Company will notify the Offer Shareholders by way of announcement(s) on any change to the expected timetable as soon as practicable.

## IMPORTANT NOTICE

### NOTICE TO THE OVERSEAS SHAREHOLDERS

The making of the Offer to persons with a registered address in jurisdictions outside Hong Kong may be prohibited or affected by the laws of the relevant jurisdictions. Overseas Shareholders who are citizens or residents or nationals of jurisdictions outside Hong Kong should inform themselves about and observe any applicable legal and regulatory requirements.

It is the responsibility of any such person who wishes to accept the Offer to satisfy himself/herself/itself as to the full observance of the laws and regulations of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents and any registration or filing which may be required or the compliance with other necessary formalities or legal and regulatory requirements and the payment of any transfer or other taxes or other required payments due from the Overseas Shareholders in respect of such jurisdiction.

The Offeror Concert Party Group, the Company, Opus Securities, Opus Capital, Rainbow Capital, the Registrar or any of their respective ultimate beneficial owners, directors, officers, agents, advisers and associates and any other person involved in the Offer shall be entitled to be fully indemnified and held harmless by such person for any taxes as such person may be required to pay. Please see the paragraphs headed “Overseas Shareholders” in the “Letter from Opus Securities” and section headed “7. Overseas Shareholders” in Appendix I to this Composite Document for details.

## DEFINITIONS

*In this Composite Document, unless the context otherwise requires, the following expressions shall have the following meaning:*

“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“associate(s)”	has the meaning ascribed to it under the Takeovers Code
“Board”	the board of Directors
“Business Day(s)”	a day on which the Stock Exchange is open for the transaction of business
“BVI”	the British Virgin Islands
“CCASS”	the Central Clearing and Settlement System established and operated by the Hong Kong Securities Clearing Company Limited
“Closing Date”	24 October 2023, being the closing date of the Offer, which is no less than 21 days following the date on which this Composite Document is posted, or if the Offer is extended, any subsequent closing date as the Offeror may determine and announce with the consent of the Executive and in accordance with the Takeovers Code
“Company”	Kingwisoft Technology Group Company Limited (金慧科技集團股份有限公司), an exempted company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on GEM of the Stock Exchange (stock code: 08295)
“Composite Document”	this composite offer and response document jointly issued by the Offeror and the Company to the Shareholders in connection with the Offer in compliance with the Takeovers Code containing, among other things, details of the Offer (accompanied by the Form(s) of Acceptance) and the respective letters of advice from the Independent Board Committee and the Independent Financial Adviser

## DEFINITIONS

“Contractual Arrangements”	a series of contractual arrangements entered into among the subsidiary of KingNine, DaLian Kingwisoft and the registered shareholders (namely, Mr. Hu, Ms. Liu, Ms. Zhou and Changzhou Xiangjia Zhongzhou Enterprise Management Partnership (Limited Partnership)* (常州翔嘉中舟企業管理合夥企業(有限合夥)), holding 32.91%, 40.83%, 9.47% and 16.79%, respectively, as at the Latest Practicable Date) of DaLian Kingwisoft on 12 June 2020. As at the Latest Practicable Date, Changzhou Xiangjia Zhongzhou Enterprise Management Partnership (Limited Partnership) is controlled by its general partner, namely Changzhou Jingjiang Capital Management Co., Ltd.* (常州京江資本管理有限公司), a wholly-owned subsidiary of Zhongzhi Capital Management Company Limited* (中植資本管理有限公司), which is in turn indirectly wholly-owned by Mr. Xie. For further details, please refer to the announcement of the Company dated 10 September 2020 and the circular of the Company dated 18 September 2020
“DaLian Kingwisoft”	DaLian Kingwisoft Technology Co., Ltd.* (大連金慧融智科技股份有限公司), a joint stock limited company established under the PRC laws on 18 May 2016 and a wholly-owned subsidiary of the Company as at the Latest Practicable Date
“Director(s)”	director(s) of the Company
“Encumbrances”	any mortgage, charge, pledge, lien, hypothecation, encumbrance or other security arrangement of any kind, option, equity, claim, adverse interest or other third party right of any kind, any arrangement by which any right is subordinated to any right of such third party or any contractual right of set-off (including any agreement or commitment to create or procure to create, or to permit or suffer to be created or subsisted any of the above)
“Entrusted Shares”	collectively, the 2,409,823,718 Shares (representing approximately 50.46% shareholding interest in the Company) held by Zhongzhi Xinzhuo and 455,820,525 Shares (representing approximately 9.54% shareholding interest in the Company) held by Kang Bang (HK) as at the Latest Practicable Date
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of his delegates



## DEFINITIONS

“Form(s) of Acceptance”	the form of acceptance and transfer of the Offer Shares in respect of the Offer accompanying this Composite Document
“FUNGHWA”	FUNGHWA Ltd., a company incorporated in the BVI with limited liability and wholly-owned by Ms. Zhou
“GEM”	GEM operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the independent board committee of the Board, comprising Mr. Stephen MARKSCHEID, Mr. ZHANG Weidong, Mr. ZENG Liang and Mr. WANG Li, being all the independent non-executive Directors who have no direct or indirect interest in the Offer, which has been formed for the purpose of advising the Offer Shareholders in respect of the Offer and as to the acceptance of the Offer
“Independent Financial Adviser” or “Rainbow Capital”	Rainbow Capital (HK) Limited, a corporation licensed under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities, being the independent financial adviser to the Independent Board Committee in respect of the Offer and as to the acceptance of the Offer
“Joint Announcement”	the joint announcement dated 28 August 2023 issued by the Offeror and the Company in relation to, among other things, the Voting Rights Entrustment Deed and the Offer
“Kang Bang (HK)”	Kang Bang Qi Hui (HK) Company Limited (康邦齊輝(香港)有限公司), a company incorporated in Hong Kong with limited liability and an existing Shareholder holding 455,820,525 Shares (representing approximately 9.54% shareholding interest in the Company) as at the Latest Practicable Date. It is ultimately beneficially owned by Mr. Xie

## DEFINITIONS

“KingNine”	KingNine Holdings Limited, a company incorporated in the Cayman Islands with limited liability and a wholly-owned subsidiary of the Company as at the Latest Practicable Date
“Last Trading Day”	25 July 2023, being the last trading day immediately prior to the date of the Rule 3.7 Announcement
“Latest Practicable Date”	29 September 2023, being the latest practicable date prior to the printing of this Composite Document for ascertaining certain information contained herein
“Mr. Hu”	Mr. Hu Shilong (胡仕龍), the entrustee under the Voting Rights Entrustment Deed, one of the shareholders holding 40.60% of the Offeror as at the Latest Practicable Date, a director of KingNine and one of the registered shareholders holding 32.91% of DaLian Kingwisoft as at the Latest Practicable Date
“Mr. Xie”	Mr. Xie Zhikun (解直錕), the sole shareholder of Ze Yun Capital, who passed away on 18 December 2021
“Ms. Liu”	Ms. Liu Yingying (劉瑩瑩), the spouse of Mr. Hu and one of the shareholders holding 59.40% of the Offeror and one of the registered shareholders holding 40.83% of DaLian Kingwisoft as at the Latest Practicable Date
“Ms. Zhou”	Ms. Zhou Fang (周芳), the sole shareholder of FUNGHWA and one of the registered shareholders holding 9.47% of DaLian Kingwisoft as at the Latest Practicable Date
“Offer”	the unconditional mandatory cash offer made by Opus Securities, for and on behalf of the Offeror, to acquire all the issued Shares (other than those already owned and/or agreed to be acquired by the Offeror, its ultimate beneficial owners and parties acting in concert with any of them) on the terms and conditions set out in this Composite Document and pursuant to Rule 26.1 of the Takeovers Code
“Offer Period”	has the meaning ascribed to it under the Takeovers Code, being the period commencing from the date of the Rule 3.7 Announcement (i.e. 26 July 2023), and ending on the date of the close of the Offer, or such other time or date to which the Offeror may decide to extend the Offer in accordance with the Takeovers Code

## DEFINITIONS

“Offer Price”	HK\$0.0304 per Share
“Offer Share(s)”	any of the 1,584,844,209 Shares that are subject to the Offer
“Offer Shareholder(s)”	holder(s) of the Share(s), other than the Offeror, its ultimate beneficial owners and parties acting in concert with any of them
“Offeror”	NINEGO Corporation, a company incorporated in the BVI and held as to 40.60% by Mr. Hu and 59.40% by Ms. Liu, respectively. It is an existing Shareholder holding approximately 4.44% shareholding interest in the Company as at the Latest Practicable Date
“Offeror Concert Party Group”	the Offeror, its ultimate beneficial owners (namely, Mr. Hu and Ms. Liu) and parties acting in concert with any of them, including Zhongzhi Xinzhuo, Kang Bang (HK) and Ms. Zhou/FUNGHWA
“Opus Capital”	Opus Capital Limited, a corporation licensed under the SFO to conduct Type 6 (advising on corporate finance) regulated activity, being the financial adviser to the Offeror in relation to the Offer
“Opus Securities”	Opus Securities Limited, a corporation licensed under the SFO to conduct Type 1 (dealing in securities) regulated activity under the SFO, being the agent making the Offer on behalf of the Offeror
“Overseas Shareholder(s)”	Shareholder(s) whose address(es), as shown on the register of members of the Company is/are outside Hong Kong
“PRC”	the People’s Republic of China, which for the purpose of this Composite Document, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Registrar”	Tricor Investor Services Limited, the Hong Kong branch share registrar and transfer office of the Company, with its address at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong

## DEFINITIONS

“Relevant Period”	the period from 26 January 2023, being the date falling six months preceding the date of the commencement of the Offer Period (i.e. the date of the Rule 3.7 Announcement, being 26 July 2023), up to and including the Latest Practicable Date
“Restricted Business”	the business of the Group during the period from twenty-four (24) months prior to the date of the Voting Rights Entrustment Deed and up to the end of the Restriction Period
“Restricted Customer”	any firm, company or person who, during the period from twenty-four (24) months prior to the date of the Voting Rights Entrustment Deed and up to the end of the Restriction Period, was a customer or prospective customer of or in the habit of dealing with any member of the Group for the purpose of any part of the Restricted Business
“Restricted Person”	any firm, company or person employed or engaged by any Group member, who could materially damage the interests of any member of the Group if they were involved in any capacity in any business concern which competes with the Restricted Business
“Restricted Supplier”	any firm, company or person who, during the period from twenty-four (24) months prior to the date of the Voting Rights Entrustment Deed and up to the end of the Restriction Period, was a supplier or prospective supplier of or in the habit of dealing with any member of the Group for the purpose of any part of the Restricted Business
“Restriction Period”	the period of not less than ten years from the date of the Voting Rights Entrustment Deed or until the date of termination of the Voting Rights Entrustment Deed (whichever is earlier) during which Mr. Hu undertakes to serve the Group (including but not limited to agreeing to serve as and perform the duties of a director, management, employee or other positions of the Group as reasonably requested by the Group)
“RMB”	Renminbi, the lawful currency of the PRC
“Rule 3.7 Announcement”	the announcement of the Company dated 26 July 2023 in relation to the possible Voting Entrustments among Zhongzhi Xinzhuo, Kang Bang (HK) and Mr. Hu

## DEFINITIONS

“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	share(s) of nominal value of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	registered holder(s) of the issued Share(s)
“Share Purchase Deed”	(i) On 10 September 2020, the Company entered into the share purchase deed with the Offeror, FUNGHWA and Zhongzhi Xinzhuo (as sellers) and Mr. Hu, Ms. Liu and Ms. Zhou (as guarantors) for the acquisition of the entire issued capital of KingNine Holdings Limited. For further details, please refer to the announcements of the Company dated 10 September 2020, 16 April 2023 and 26 June 2023, and the circular of the Company dated 18 September 2020; and (ii) in July 2023, the parties to the Share Purchase Deed entered into the supplemental deed to change the payer of any compensation in relation to the non-fulfillment of profit guarantee in relation to the acquisition of the entire issued capital of KingNine Holdings Limited from Mr. Hu and Ms. Liu to NINEGO
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Code on Takeovers and Mergers issued by the SFC
“Tian Xi Capital”	Tian Xi Capital Company Limited, an exempted company incorporated in the Cayman Islands on 4 November 2019, where Ze Yun Capital controls 100% voting power at its general meetings
“Voting Entrustments”	the entrustment of the voting rights by Zhongzhi Xinzhuo and Kang Bang (HK) over all of its 2,409,823,718 Shares (representing approximately 50.46% shareholding interest in the Company as at the Latest Practicable Date) and 455,820,525 Shares (representing approximately 9.54% shareholding interest in the Company as at the Latest Practicable Date), respectively, in the Company to Mr. Hu in accordance with the Voting Rights Entrustment Deed

## DEFINITIONS

“Voting Rights Entrustment Deed”	the voting rights entrustment deed (《投票表決權委託契據》) dated 28 August 2023 and entered into by and among Zhongzhi Xinzhuo, Kang Bang (HK) and Mr. Hu
“Ze Yun Capital”	Zhong Zhi Ze Yun Capital Company Limited, a company incorporated in the BVI on 22 October 2019 and wholly-owned by Mr. Xie, and it controls 100% voting power at general meetings of Tian Xi Capital
“Zhongzhi Xinzhuo”	Zhong Zhi Xin Zhuo Capital Company Limited, a company incorporated in the BVI with limited liability and an existing Shareholder holding 2,409,823,718 Shares (representing approximately 50.46% shareholding interest in the Company) as at the Latest Practicable Date. It is ultimately beneficially owned by Mr. Xie
“%”	per cent.

*For the purpose of this Composite Document, the exchange rate of RMB1.0 to HK\$1.08 has been used for currency translation, where applicable. Such exchange rate is for illustrative purposes only and does not constitute representations that any amount in HK\$ or RMB has been, could have been or may be converted at such rate.*

\* For identification purpose only

## LETTER FROM OPUS SECURITIES



8th Floor, Fung House  
19–20 Connaught Road Central  
Central, Hong Kong

3 October 2023

*To the Offer Shareholders,*

Dear Sirs or Madams,

**UNCONDITIONAL MANDATORY CASH OFFER BY  
OPUS SECURITIES LIMITED FOR AND ON BEHALF OF  
THE OFFEROR TO ACQUIRE ALL THE ISSUED SHARES IN  
KINGWISOFT TECHNOLOGY GROUP COMPANY LIMITED  
(OTHER THAN THOSE ALREADY OWNED AND/OR  
AGREED TO BE ACQUIRED BY THE OFFEROR,  
ITS ULTIMATE BENEFICIAL OWNERS AND  
PARTIES ACTING IN CONCERT WITH ANY OF THEM)**

### INTRODUCTION

Reference is made to the Joint Announcement in relation to, among other things, the Voting Rights Entrustment Deed and the Offer.

On 28 August 2023 (after trading hours), Zhongzhi Xinzhuo, Kang Bang (HK) and Mr. Hu entered into the Voting Rights Entrustment Deed, pursuant to which each of Zhongzhi Xinzhuo and Kang Bang (HK) has entrusted the voting rights over all of its 2,409,823,718 Shares (representing approximately 50.46% shareholding interest in the Company as at the Latest Practicable Date) and 455,820,525 Shares (representing approximately 9.54% shareholding interest in the Company as at the Latest Practicable Date), respectively, in the Company to Mr. Hu. No cash consideration or other forms of consideration are, or will be, payable by any party to the Voting Rights Entrustment Deed for or as a result of entering into the Voting Rights Entrustment Deed or the Voting Entrustments contemplated thereunder.

Immediately prior to the entering into of the Voting Rights Entrustment Deed, as confirmed by Mr. Hu, Mr. Hu controlled the 4.44% shareholding interest in the Company held by the Offeror, while Ms. Zhou controlled the 2.38% shareholding interest in the Company held by FUNGHWA (which is wholly-owned by Ms. Zhou). As at the Latest Practicable Date, Mr. Hu, Ms. Liu and Ms. Zhou were shareholders of DaLian Kingwisoft holding approximately 32.91%, 40.83% and 9.47% of DaLian Kingwisoft, respectively. By virtue of the co-shareholding in DaLian Kingwisoft and past business cooperation between (among others), Ms. Zhou and FUNGHWA are considered as parties acting in concert with Mr. Hu<sup>1</sup>.

<sup>1</sup> since Ms. Zhou and FUNGHWA are considered as parties acting in concert with Mr. Hu, the 113,560,919 Shares held by FUNGHWA are not subject to the Offer.

## LETTER FROM OPUS SECURITIES

Upon the signing of the Voting Rights Entrustment Deed and by virtue of the Voting Entrustments contemplated thereunder, Mr. Hu (by himself and through the Offeror) shall control the voting rights of 3,077,614,462 Shares, representing approximately 64.44% voting rights in the Company, while Ms. Zhou (through FUNGHWA) shall continue to control the voting rights of 113,560,919 Shares, representing approximately 2.38% of the Company.

Prior to the Voting Entrustments, Mr. Hu and his concert parties (the Offeror and Ms. Zhou/FUNGHWA) held 6.82% shareholding interest in the Company. As a result of the Voting Entrustments: (i) Mr. Hu acquires control over 60% of the voting rights of the Company; and (ii) as Mr. Hu, Zhongzhi Xinzhuo and Kang Bang (HK) are considered as parties acting in concert pursuant to the Voting Entrustments, Mr. Hu and his concert parties (including the Offeror, Zhongzhi Xinzhuo, Kang Bang (HK) and Ms. Zhou/FUNGHWA) will collectively control 66.82% of the voting rights of the Company. Accordingly, Mr. Hu is required to make an unconditional mandatory cash offer for all issued Shares (other than those already owned and/or agreed to be acquired by Mr. Hu and his concert parties) under Rule 26.1 of the Takeovers Code. Mr. Hu is making the Offer via the Offeror.

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

The Offer Shareholders are strongly advised to carefully consider the information contained in the sections headed "Letter from the Board", "Letter from the Independent Board Committee" and "Letter from Rainbow Capital" as well as the appendices as set out in this Composite Document, and to consult their professional advisers if in doubt, before reaching a decision as to whether or not to accept the Offer.

### UNCONDITIONAL MANDATORY CASH OFFER

#### Principal terms of the Offer

Opus Securities, for and on behalf of the Offeror, is making the Offer to acquire all the Offer Shares on the terms as set out in this Composite Document issued in accordance with the Takeovers Code on the following basis:

**For each Offer Share . . . . . HK\$0.0304 in cash**

As at the Latest Practicable Date, the Company has 4,776,019,590 Shares in issue. The Company does not have any outstanding options, warrants or derivatives or securities 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.



## LETTER FROM OPUS SECURITIES

The Offer Price is set at the volume weighted average price of the Shares on the Last Trading Day (i.e. 25 July 2023), which is HK\$0.0304 per Share. The Offer Price has been rounded up to four decimal places. The Offer is made to the Offer Shareholders. As the Offeror, its ultimate beneficial owners and parties acting in concert with any of them control the voting rights of 3,191,175,381 Shares immediately following the entering into of the Voting Rights Entrustment Deed, 1,584,844,209 Shares are subject to the Offer. Based on the Offer Price of HK\$0.0304 per Offer Share, the value of the Offer will be approximately HK\$48,179,264. The Company has not declared and has no intention of declaring any dividend or making any distribution before the close of the Offer.

### Comparison of value

The Offer Price of HK\$0.0304 per Offer Share represents:

- a discount of approximately 27.62% to the closing price of approximately HK\$0.042 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- a premium of approximately 1.33% over the closing price of HK\$0.030 per Share as quoted on the Stock Exchange on 25 July 2023, being the Last Trading Day;
- a discount of approximately 5.00% to the average closing price of approximately HK\$0.032 per Share as quoted on the Stock Exchange for the five consecutive trading days immediately prior to and including the Last Trading Day;
- a discount of approximately 13.14% to the average closing price of approximately HK\$0.035 per Share as quoted on the Stock Exchange for the 10 consecutive trading days immediately prior to and including the Last Trading Day;
- a discount of approximately 17.84% to the average closing price of approximately HK\$0.037 per Share as quoted on the Stock Exchange for the 30 consecutive trading days immediately prior to and including the Last Trading Day;
- a discount of approximately 39.20% to the average closing price of approximately HK\$0.050 per Share as quoted on the Stock Exchange for the 60 consecutive trading days immediately prior to and including the Last Trading Day; and
- a discount of approximately 86.72% to the audited consolidated net asset value attributable to the Shareholders of approximately HK\$0.229 per Share as at 31 March 2023 calculated based on the audited consolidated net asset value attributable to the Shareholders as at 31 March 2023 of approximately RMB1,014,166,000 (equivalent to approximately HK\$1,095,299,280) and 4,776,019,590 Shares in issue as at the Latest Practicable Date.

## LETTER FROM OPUS SECURITIES

### **Highest and lowest trading prices**

During the Relevant Period:

- (i) the highest closing price of the Shares quoted on the Stock Exchange was HK\$0.180 per Share on 26 January 2023; and
- (ii) the lowest closing price of the Shares quoted on the Stock Exchange was HK\$0.028 per Share on 24 July 2023.

### **Securities of the Company**

As at the Latest Practicable Date, the Company has 4,776,019,590 Shares in issue. The Company does not have any outstanding options, warrants or derivatives or securities 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.

### **Total value of the Offer**

Immediately following the entering into of the Voting Rights Entrustment Deed and as at the Latest Practicable Date, on the basis that there are 1,584,844,209 Shares subject to the Offer and assuming that there is no change in the issued share capital of the Company from the Latest Practicable Date up to the Closing Date, in the event that the Offer is accepted in full, and based on the Offer Price of HK\$0.0304 per Offer Share, the maximum amount of offer consideration payable under the Offer is approximately HK\$48,179,264.

### **Confirmation of financial resources**

The Offeror would finance and satisfy the maximum amount of offer consideration payable under the Offer of approximately HK\$48,179,264 by its internal cash resources.

Opus Capital, being the financial adviser to the Offeror, is satisfied that sufficient financial resources are and will remain available to the Offeror to satisfy the maximum amount of offer consideration payable on full acceptance of the Offer.

### **Effect of accepting the Offer**

The Offer is unconditional in all respects and is not conditional upon acceptances being received in respect of a minimum number of Shares or any other conditions.

By accepting the Offer, the Offer Shareholders shall sell their Shares free from all Encumbrances and with all rights and benefits at any time accruing and attached to them, including the rights to receive all dividends and distributions declared, made or paid on or after the date on which the Offer is made.

## LETTER FROM OPUS SECURITIES

Acceptance of the Offer by any Offer 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 and with all rights and benefits at any time accruing and attached to them, including the rights to receive all dividends and distributions declared, made or paid on or after the date on which the Offer is made, that is, the date of posting of this Composite Document. The Company has not declared and has no intention of declaring any dividend or making any distribution before the close of the Offer, and there is no dividend or distribution of the Company which remains unpaid as at the Latest Practicable Date.

Acceptances of the Offer would be irrevocable and would not be capable of being withdrawn, except as permitted under the Takeovers Code. Details of acceptance and withdrawal of the Offer are set out in the section headed “6. Right of Withdrawal” in Appendix I to this Composite Document.

**Offer Shareholders are reminded to read the recommendations of the Independent Board Committee and the advice of Rainbow Capital in respect of the Offer which are included in this Composite Document.**

### **Payment**

Payment in cash in respect of acceptances of the Offer will be made as soon as possible but in any event within seven Business Days following the date on which the duly completed acceptance of the Offer and the relevant documents of title of the Offer Shares in respect of such acceptance are received by the Offeror to render each such acceptance complete and valid pursuant to Rule 20.1 and Note 1 to Rule 30.2 of the Takeovers Code.

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

### **Hong Kong stamp duty**

The seller’s ad valorem stamp duty at a rate of 0.13% 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 cash amount payable to the relevant Offer Shareholder on acceptance of the Offer. The Offeror will arrange for payment of the ad valorem stamp duty so deducted on behalf of accepting Offer Shareholders and bear the buyer’s ad valorem stamp duty in connection with the acceptance of the Offer and the transfer of the Offer Shares.

### **Taxation advice**

The Offer 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 Offeror, parties acting in concert with the Offeror, the Company and their respective

## LETTER FROM OPUS SECURITIES

ultimate beneficial owners, directors, 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.

### **Overseas Shareholders**

As the Offer to persons not being resident in Hong Kong may be affected by the laws and regulations of the relevant jurisdiction in which they are resident, Overseas Shareholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should observe any applicable legal or regulatory requirements and, where necessary, seek legal advice. It is the sole 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, exchange control or other consents which may be required, or compliance with other necessary formalities and the payment of any issue, transfer or other taxes due in respect of such jurisdictions).

Any acceptance of the Offer by such Overseas Shareholders will be deemed to constitute a representation and warranty from such Overseas Shareholders to the Offeror that the applicable local laws and requirements have been complied with. The Overseas Shareholders should consult their professional advisers if in doubt. The Overseas Shareholders who are in doubt as to the action they should take should consult a licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional advisers.

The attention of the Overseas Shareholders is drawn to Appendix I to this Composite Document.

**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 all local laws and requirements have been complied with. The Overseas Shareholders should consult their professional advisers if in doubt.**

### **Further terms of the Offer**

Your attention is drawn to the further details of the Offer including, among other things, the procedures for acceptance, settlement, acceptance period and taxation matters as set out in Appendix I to this Composite Document and in the Form of Acceptance.

## LETTER FROM OPUS SECURITIES

### INFORMATION OF THE OFFEROR AND PARTIES ACTING IN CONCERT WITH THE OFFEROR

#### The Offeror

The Offeror is a company incorporated under the Laws of the BVI on 21 November 2019 with limited liability. It is principally engaged in investment holding of 4.44% shareholding interest in the Company and 100% shareholding interest in Omnistar Holdings HK Limited (全星控股有限公司) (which does not have any business activities, operations or major investments). The Offeror is owned as to 40.60% by Mr. Hu and 59.40% by Ms. Liu, respectively, as at the Latest Practicable Date.

#### Mr. Hu

Mr. Hu is the sole director of the Offeror and a director of KingNine and DaLian Kingwisoft. He is also a shareholder holding approximately 32.91% shareholding interest in DaLian Kingwisoft as at the Latest Practicable Date. He joined DaLian Kingwisoft in January 2014 and has acted as the legal representative since October 2015. Prior to joining DaLian Kingwisoft, Mr. Hu served as the manager of operating centre of Shanghai Hewlett-Packard Co., Ltd. (Dalian Branch)\* (上海惠普有限公司(大連分公司)) from July 2004 to September 2008. From September 2008 to November 2013, Mr. Hu served as the China regional sales manager of Neusoft Cloud Technology Co., Ltd.\* (東軟雲科技有限公司) (previously known as Neusoft IT Service Co., Ltd.\* (東軟信息技術服務有限公司)). Mr. Hu is the spouse of Ms. Liu.

In 2019, Mr. Hu was included as a scientific and technological innovation and entrepreneurship talent in the Innovative Talents Promotion Program of the Ministry of Science and Technology of the People's Republic of China. Mr. Hu was honoured as an Excellent Entrepreneur in Liaoning Province in 2020 and one of the 20th anniversary Outstanding Entrepreneur in Liaoning's Software Industry. In 2022, Mr. Hu was honoured as a leading talent in China's digital services and service outsourcing, and a high-level talent (leading talent) in Dalian city. He has more than a decade of marketing and management experience in multinational IT companies. Mr. Hu obtained his bachelor's degree in Japanese from Liaoning Normal University in 2004.

#### Ms. Liu

Ms. Liu is a shareholder holding approximately 40.83% shareholding interest in DaLian Kingwisoft as at the Latest Practicable Date. She was a director of DaLian Kingwisoft from October 2015 to December 2020. She joined DaLian Kingwisoft in August 2014 as the chief executive. From May 2007 to November 2008, Ms. Liu served as the specialist of Shanghai Hewlett-Packard Co., Ltd. (Dalian Branch)\* (上海惠普有限公司(大連分公司)). She then served as the regional manager of eastern China region of Neusoft Cloud Technology Co., Ltd.\* (東軟雲科技有限公司) (previously known as Neusoft IT Service Co., Ltd.\* (東軟信息技

## LETTER FROM OPUS SECURITIES

術服務有限公司)) from March 2009 to July 2011 and served as the human resource assistant of BPO Matter Management Department of Yidatec Co., Ltd. (億達資訊技術有限公司) from August 2011 to April 2014. Ms. Liu is the spouse of Mr. Hu.

### **Zhongzhi Xinzhuo**

Zhongzhi Xinzhuo is a company incorporated in the BVI with limited liability and an existing Shareholder holding 2,409,823,718 Shares (representing approximately 50.46% shareholding interest in the Company) as at the Latest Practicable Date. It is ultimately beneficially owned by Mr. Xie. Zhongzhi Xinzhuo has the requisite power and capacity to enter into the Voting Rights Entrustment Deed.

### **Kang Bang (HK)**

Kang Bang (HK) is a company incorporated in Hong Kong with limited liability and an existing Shareholder holding 455,820,525 Shares (representing approximately 9.54% shareholding interest in the Company) as at the Latest Practicable Date. It is ultimately beneficially owned by Mr. Xie. Kang Bang (HK) has the requisite power and capacity to enter into the Voting Rights Entrustment Deed.

### **Ms. Zhou**

Ms. Zhou (the sole shareholder of FUNGHWA) is holding approximately 9.47% shareholding interest in DaLian Kingwisoft through FUNGHWA as at the Latest Practicable Date. She has been the president of Dalian Kingwisoft since November 2013. Prior to joining DaLian Kingwisoft, Ms. Zhou served as the assistant to the China regional sales director of Neusoft Cloud Technology Co., Ltd.\* (東軟雲科技有限公司) (previously known as Neusoft IT Service Co., Ltd.\* (東軟資訊技術服務有限公司)) from December 2009 to December 2013. From May 2007 to December 2009, Ms. Zhou served as the head of business department of DaLian First HI-TE.Enterprise H.R. Service Co., Ltd.\* (大連弗斯特高新人才發展管理有限公司).

Mr. Hu, Ms. Liu and Ms. Zhou, among others, have entered into the Contractual Arrangements so as to enable KingNine to maintain control over DaLian Kingwisoft. For further details of the Contractual Arrangements, please refer to the announcement of the Company dated 10 September 2020 and the circular of the Company dated 18 September 2020.

## **PUBLIC FLOAT AND MAINTAINING THE LISTING STATUS OF THE COMPANY**

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:

- (i) a false market exists or may exist in the trading of the Shares; or

## LETTER FROM OPUS SECURITIES

(ii) 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.

The Offeror intends the Company to remain listed on the Stock Exchange. The sole director of the Offeror and the new Directors to be appointed to the Board will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares.

### **INTENTIONS OF THE OFFEROR REGARDING THE GROUP**

The Offeror intends to continue the employment of the existing management and employees of the Group (except for a proposed change to the members of the Board at such time permitted under the GEM Listing Rules and the Takeovers Code) and the current deployment of fixed assets. As at the Latest Practicable Date, (i) no Director intended to resign from the Board; and (ii) the Offeror intends to nominate Mr. Hu and Ms. Zhou as the executive Directors. The proposed appointments are expected to take effect after the dispatch of this Composite Document. The biographical details of Mr. Hu and Ms. Zhou are set out under the section headed “Information of the Offeror and parties acting in concert with the Offeror” above.

Save as disclosed above, as at the Latest Practicable Date, the Offeror had not identified any potential candidate to be nominated or appointed as a Director and had not reached any final decision as to who will be nominated as new Directors. Any changes to the members of the Board will be made in compliance with the Takeovers Codes and/or the GEM Listing Rules and further announcement(s) will be made as and when appropriate.

As at the Latest Practicable Date, the Offeror intends to continue the principal business of the Group. The Offeror will, following the completion of the Offer, conduct a detailed review of the business operations and financial position of the Group for the purpose of developing a sustainable business plan or strategy for the Group. Subject to the result of the review and should suitable investment or business opportunities arise, the Offeror may diversify the business of the Group with the objective of broadening its sources of income. As at the Latest Practicable Date, no investment or business opportunities has been identified nor has the Offeror entered into any agreement, arrangements, understandings or negotiation in relation to the injection of any assets or business into the Group. In addition, as at the Latest Practicable Date, neither the Offeror nor the Company has any intention, negotiation, agreement, arrangement and understanding (concluded or otherwise) about the disposal, restructuring or downsizing of any assets or business of the Group.

The Board has considered the intentions of the Offeror regarding the Group as stated above, and is of the view that such intentions are agreeable, fair and reasonable, and in the best interests of the Company and the Shareholders as a whole.

## LETTER FROM OPUS SECURITIES

### COMPULSORY ACQUISITION

The Offeror does not intend to exercise or apply any right or power which may be available to it to compulsorily acquire any Shares outstanding after the Closing Date.

### GENERAL

To ensure equality of treatment of all Offer Shareholders, those registered Offer Shareholders who hold Shares as nominees for more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. It is essential for the beneficial owners of the Offer Shares whose investments are registered in the names of nominees to provide instructions to their nominees of their intentions regarding the Offer.

All documents and remittances to be sent to the Offer Shareholders will be sent to them by ordinary post at their own risk. Such documents and remittances will be sent to the Offer Shareholders at their respective addresses as they appear in the register of the members of the Company, or, in the case of joint holders, to the joint holder whose name appears first in the register of members of the Company, unless otherwise specified in the accompanying Form(s) of Acceptance completed, returned and received by the Registrar. None of the members of the Offeror Concert Party Group, the Company, Opus Securities, Opus Capital, Rainbow Capital, the Registrar and, as the case may be, their respective ultimate beneficial owners, directors, officers, advisers, agents or associates or any other person involved in the Offer will be responsible for any loss or delay in transmission of such documents and remittances or any other liabilities that may arise as a result thereof or in connection therewith.

### ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this Composite Document and the accompanying Form of Acceptance, which form part of this Composite Document. You are reminded to carefully read the “Letter from the Board”, the “Letter from the Independent Board Committee”, the “Letter from Rainbow Capital” and other information about the Group, which are set out in this Composite Document before deciding whether or not to accept the Offer.

Yours faithfully, For and on behalf of  
**Opus Securities Limited**  
**Cheung On Kit Andrew**  
*Responsible Officer*

\* *For identification purpose only*



LETTER FROM THE BOARD

**Kingwisoft Technology Group Company Limited**  
**金慧科技集團股份有限公司**

(Formerly known as ZZ Technology Group Company Limited 中植科技集團股份有限公司)

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 08295)

*Executive Directors:*

Mr. QIU Xiaojian (Chairman)

Mr. LI Xiang

*Registered office:*

P.O. Box 309, Ugland House

Grand Cayman, KY1-1104

Cayman Islands

*Independent non-executive Directors:*

Mr. Stephen MARKSCHEID

Mr. ZHANG Weidong

Mr. ZENG Liang

Mr. WANG Li

*Head office and principal place of  
business in Hong Kong:*

Room 1204, 12/F, Lee Garden One  
33 Hysan Avenue

Causeway Bay

Hong Kong

3 October 2023

*To the Offer Shareholders:*

Dear Sir or Madam,

**UNCONDITIONAL MANDATORY CASH OFFER BY  
OPUS SECURITIES LIMITED FOR AND ON BEHALF OF  
THE OFFEROR TO ACQUIRE ALL THE ISSUED SHARES IN  
KINGWISOFT TECHNOLOGY GROUP COMPANY LIMITED  
(OTHER THAN THOSE ALREADY OWNED AND/OR  
AGREED TO BE ACQUIRED BY THE OFFEROR,  
ITS ULTIMATE BENEFICIAL OWNERS AND  
PARTIES ACTING IN CONCERT WITH ANY OF THEM)**

**INTRODUCTION**

References are made to the Rule 3.7 Announcement dated 26 July 2023 and the Joint Announcement in relation to, among other things, the Voting Rights Entrustment Deed and the Offer.

The purpose of the Composite Document (of which this letter forms part) is to provide you with, among other things, (i) information relating to the Group, the Offeror and the Offer, (ii) the letter from Opus Securities, containing, among others, details of the Offer; (iii) the letter from the Independent Board Committee containing its recommendations to the Offer

## LETTER FROM THE BOARD

Shareholders in relation to the Offer; (iv) the letter from Rainbow Capital containing its advice to the Independent Board Committee in relation to the Offer; and (v) procedures for acceptance of the Offer.

Further details of the Offer are set out in Appendix I to the Composite Document of which this letter forms part, and in the accompanying Form of Acceptance.

### THE VOTING RIGHTS ENTRUSTMENT DEED

The Board was informed that, in order to enhance: (i) the stability of the control and the long-term development of the Company; and (ii) the efficiency of the decision making process of the Company at the shareholders' level by virtue of Mr. Hu's knowledge and experience in the relevant industry, on 28 August 2023 (after trading hours), Zhongzhi Xinzhuo, Kang Bang (HK) and Mr. Hu entered into the Voting Rights Entrustment Deed, pursuant to which each of Zhongzhi Xinzhuo and Kang Bang (HK) has entrusted the voting rights over all of its 2,409,823,718 Shares (representing approximately 50.46% shareholding interest in the Company as at the Latest Practicable Date) and 455,820,525 Shares (representing approximately 9.54% shareholding interest in the Company as at the Latest Practicable Date), respectively, in the Company to Mr. Hu. No cash consideration or other forms of consideration are, or will be, payable by any party to the Voting Rights Entrustment Deed for or as a result of entering into the Voting Rights Entrustment Deed or the Voting Entrustments contemplated thereunder.

Immediately prior to the entering into of the Voting Rights Entrustment Deed, as confirmed by Mr. Hu, Mr. Hu controlled approximately 4.44% shareholding interest in the Company held by the Offeror, while Ms. Zhou controlled approximately 2.38% shareholding interest in the Company held by FUNGHWA (which is wholly-owned by Ms. Zhou). As at the Latest Practicable Date, Mr. Hu, Ms. Liu and Ms. Zhou were shareholders of DaLian Kingwisoft holding approximately 32.91%, 40.83% and 9.47% of its shareholding, respectively. By virtue of the co-shareholding in DaLian Kingwisoft and past business cooperation between (among others), Ms. Zhou and FUNGHWA are considered as parties acting in concert with Mr. Hu<sup>2</sup>.

As a result of the Voting Entrustments: (i) Mr. Hu acquires control over 60% of the voting rights of the Company and (ii) as Mr. Hu, Zhongzhi Xinzhuo and Kang Bang (HK) are considered as parties acting in concert pursuant to the Voting Entrustments, Mr. Hu and his concert parties (including the Offeror, Zhongzhi Xinzhuo, Kang Bang (HK) and Ms. Zhou/FUNGHWA) will collectively control approximately 66.82% of the voting rights of the Company. Accordingly, Mr. Hu is required to make an unconditional mandatory cash offer for all issued Shares (other than those already owned and/or agreed to be acquired by Mr. Hu and his concert parties) under Rule 26.1 of the Takeovers Code. Mr. Hu is making the Offer via the Offeror. Opus Capital has been appointed as the financial adviser to the Offeror (through

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<sup>2</sup> since Ms. Zhou and FUNGHWA are considered as parties acting in concert with Mr. Hu, the 113,560,919 Shares held by FUNGHWA are not subject to the Offer.

## LETTER FROM THE BOARD

which Mr. Hu makes the Offer) in respect of the Offer and Opus Securities is making the Offer for and on behalf of the Offeror in compliance with the Takeovers Code. The Offer Price is HK\$0.0304 in cash for each Offer Share.

The principal terms of the Voting Rights Entrustment Deed are set out below:

**Date:**

28 August 2023 (after trading hours)

**Parties:**

- (i) Zhongzhi Xinzhuo (as the entrusting party) <sup>Note</sup>;
- (ii) Kang Bang (HK) (as the entrusting party) <sup>Note</sup>; and
- (iii) Mr. Hu (as the trustee)

Mr. Hu is currently a director of KingNine and DaLian Kingwisoft, both are wholly-owned subsidiaries of the Company, and hence a connected person of the Company. From 11 October 2021 to 23 September 2022, Mr. Hu served as the co-chief executive officer of the Company.

*Note:* Each of Zhongzhi Xinzhuo and Kang Bang (HK) is a wholly-owned subsidiary of Tian Xi Capital. Ze Yun Capital, a company wholly-owned by Mr. Xie, controls 100% of the voting power at general meetings of Tian Xi Capital. Mr. Xie passed away on 18 December 2021. As at the Latest Practicable Date, no one is exercising the rights of Mr. Xie as the sole shareholder of Ze Yun Capital until the relevant succession procedures are completed. In the meantime, Tian Xi Capital continues to be managed by its sole director, Mr. Xiaojian Qiu.

**Undertakings by Mr. Hu**

In consideration of the Voting Entrustments contemplated under the Voting Rights Entrustment Deed, Mr. Hu undertakes (the “**Service Undertaking**”) to serve the Group (including but not limited to agreeing to serve as and perform the duties of a director, management, employee or other positions of the Group as reasonably requested by the Group) for the Restriction Period. During the Restriction Period, Mr. Hu undertakes not to: (i) solicit or endeavour to entice away from any member of the Group the business of a Restricted Customer with a view to providing goods or services to that Restricted Customer in competition with any Restricted Business; (ii) solicit or endeavour to entice away from any member of the Group the business of a Restricted Supplier with a view to obtaining goods or services from that Restricted Supplier in competition with any Restricted Business; (iii) offer to employ or engage or otherwise endeavour to entice away from any member of the Group any Restricted Person; (iv) employ or engage or otherwise facilitate the employment or engagement of any Restricted Person, whether or not such person would be in breach of contract as a result of such employment or engagement; (v) be involved in any capacity with any business concern which is (or intends to be) in competition with any Restricted Business;

## **LETTER FROM THE BOARD**

and (vi) be involved with the provision of goods or services to (or otherwise have any business dealings with) any Restricted Customer in the course of any business which is in competition with any Restricted Business (together, the “**Non-compete Undertakings**”). The relevant parties will revisit the situation in respect of the extension of the Restriction Period and take actions in accordance with the requirements under the GEM Listing Rules and/or the Takeovers Code.

The parties to the Voting Rights Entrustment Deed agree that the Service Undertaking and the Non-compete Undertakings shall be automatically terminated and cease to have effect when the following occurs (whichever is earlier): (i) termination of the Voting Rights Entrustment Deed and/or the Voting Entrustments thereunder; or (ii) either one of Zhongzhi Xinzhuo, Tian Xi Capital (the shareholder of Zhongzhi Xinzhuo) or Ze Yun Capital (the shareholder of Tian Xi Capital which controls the voting rights of Tian Xi Capital) is no longer the largest shareholder of the Company (i.e. the shareholder who, directly or indirectly, holds the largest number of Shares).

### **Other terms**

For the avoidance of doubt, the Voting Rights Entrustment Deed and the Voting Entrustments thereunder do not involve any entrustment fees or other fees, and none of the parties to the Voting Rights Entrustment Deed, namely, Zhongzhi Xinzhuo, Kang Bang (HK) and Mr. Hu, is required or will be required to pay any cash consideration or other forms of consideration for or as a result of entering into the Voting Rights Entrustment Deed or the Voting Entrustments contemplated thereunder.

The Voting Rights Entrustment Deed and the Voting Entrustments thereunder do not affect the rights to income (including the rights to receive dividend and other distribution) of Zhongzhi Xinzhuo and Kang Bang (HK) in respect of the Entrusted Shares, nor do they restrict their right to sell, transfer, pledge or dispose of in any other way any of the Entrusted Shares. For the avoidance of doubt, (i) if any of Zhongzhi Xinzhuo and Kang Bang (HK) sells or transfers any (all or part) of the Entrusted Shares to any third party, such Entrusted Shares that have been sold or transferred will no longer be bound by the Voting Rights Entrustment Deed and the Voting Entrustments thereunder, and (ii) any Shares acquired/subscribed by any of Zhongzhi Xinzhuo and Kang Bang (HK) after the date of the Voting Rights Entrustment Deed will not be bound by the Voting Rights Entrustment Deed, that is, the voting rights corresponding to such newly acquired/subscribed Shares will not be automatically entrusted to Mr. Hu.

### **INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER**

An Independent Board Committee comprising all the independent non-executive Directors who have no direct or indirect interest in the Offer, namely, Mr. Stephen MARKSCHEID, Mr. ZHANG Weidong, Mr. ZENG Liang and Mr. WANG Li, has been

## LETTER FROM THE BOARD

established in accordance with Rule 2.1 of the Takeovers Code to advise and give a recommendation to the Offer Shareholders as to whether the Offer is fair and reasonable and as to acceptance of the Offer.

The Independent Financial Adviser has been appointed with the approval of the Independent Board Committee to advise the Independent Board Committee in respect of the Offer and, in particular, as to whether the Offer is fair and reasonable, and as to the acceptance of the Offer pursuant to Rule 2.1 of the Takeovers Code.

The full text of the letter from the Independent Board Committee addressed to the Offer Shareholders and the letter from Rainbow Capital addressed to the Independent Board Committee and the Offer Shareholders are set out in the Composite Document.

**You are advised to read both letters and the additional information contained in the appendices to the Composite Document carefully before taking any action in respect of the Offer.**

### THE OFFER

As at the Latest Practicable Date, the Company has 4,776,019,590 Shares in issue. The Company does not have any outstanding options, warrants or derivatives or securities 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.

### Principal terms of the Offer

As disclosed in the “Letter from Opus Securities” on pages 9 to 18 of the Composite Document, Opus Capital has been appointed as the financial adviser to the Offeror (through which Mr. Hu is making the Offer) in respect of the Offer and Opus Securities is making the Offer for and on behalf of the Offeror in compliance with the Takeovers Code on the following terms:

**For each Offer Share . . . . . HK\$0.0304 in cash**

The Offer Price is set at the volume weighted average price of the Shares on the Last Trading Day (i.e. 25 July 2023), which is HK\$0.0304 per Share. The Offer Price has been rounded up to four decimal places. The Offer is made to the Offer Shareholders. As the Offeror, its ultimate beneficial owners and parties acting in concert with any of them control in aggregate the voting rights of 3,191,175,381 Shares immediately following the entering into of the Voting Rights Entrustment Deed, 1,584,844,209 Shares are subject to the Offer. Based on the Offer Price of HK\$0.0304 per Offer Share, the maximum amount of offer consideration payable under the Offer will be approximately HK\$48,179,264.

## LETTER FROM THE BOARD

Further details regarding the Offer, including the terms and procedures for acceptance of the Offer are set out in the “Letter from Opus Securities” and Appendix I to the Composite Document and the accompanying Form of Acceptance.

### INFORMATION OF THE GROUP

The Company is an investment holding company and the Group is principally engaged in investment holding. Its subsidiaries are principally engaged in investment holding, provision of back-office services (primarily provision of customer service solutions, and setting up of contact service systems and centres), comprehensive marketing and agency services and data centre services.

Financial and general information in relation to the Group are set out in Appendix II and Appendix III to the Composite Document.

### SHAREHOLDING STRUCTURE OF THE COMPANY

As at the Latest Practicable Date, the authorised share capital of the Company was HK\$100,000,000 divided into 10,000,000,000 ordinary shares, and there are 4,776,019,590 Shares in issue. The Company does not have any outstanding options, warrants or derivatives or convertible rights affecting the Shares.

The shareholding structure of the Company before and after the Voting Entrustments are as follows:

	<b>Immediately prior to the entering into of the Voting Rights Entrustment Deed</b>		<b>Immediately after the entering into of the Voting Rights Entrustment Deed and before the Offer <sup>(Note 1)</sup></b>		
	<i>No. of Shares</i>	<i>Approximate % of issued Shares</i>	<i>No. of Shares</i>	<i>Approximate % of issued Shares</i>	
Offeror and the parties acting in concert with it	325,531,138	6.82	Offeror and the parties acting in concert with it	3,191,175,381	66.82
— Offeror	211,970,219	4.44	— Offeror	211,970,219	4.44
— FUNGHWA <sup>(Note 3)</sup>	113,560,919	2.38	— Zhongzhi Xinzhuo <sup>(Note 2)</sup>	2,409,823,718	50.46
Zhongzhi Xinzhuo	2,409,823,718	50.46	— Kang Bang (HK) <sup>(Note 2)</sup>	455,820,525	9.54
Kang Bang (HK)	455,820,525	9.54	— FUNGHWA <sup>(Note 3)</sup>	113,560,919	2.38
Other Offer Shareholders	<u>1,584,844,209</u>	<u>33.18</u>	Other Offer Shareholders	<u>1,584,844,209</u>	<u>33.18</u>
Total	<u><u>4,776,019,590</u></u>	<u><u>100.00</u></u>		<u><u>4,776,019,590</u></u>	<u><u>100.00</u></u>

## LETTER FROM THE BOARD

### *Notes:*

1. For the avoidance of doubt, immediately after the entering into of the Voting Rights Entrustment Deed and the Voting Entrustments thereunder, the Offeror, its ultimate beneficial owners and parties acting in concert with any of them control the voting rights of 3,191,175,381 Shares, representing approximately 66.82% shareholding interest in the Company. The Voting Entrustments do not result in any transfer of the ownership of the Shares or constitute any actual change in ownership to the respective Shares held by the Offeror, its ultimate beneficial owners and parties acting in concert with any of them.
2. The voting rights over the respective Shares are controlled by Mr. Hu.
3. As at the Latest Practicable Date, Mr. Hu, Ms. Liu and Ms. Zhou were shareholders of DaLian Kingwisoft holding approximately 32.91%, 40.83% and 9.47% of DaLian Kingwisoft's shareholding, respectively. By virtue of the co-shareholding in DaLian Kingwisoft and past business cooperation between (among others), Ms. Zhou and FUNGHWA are considered as parties acting in concert with Mr. Hu. Since Ms. Zhou and FUNGHWA are considered as parties acting in concert with Mr. Hu, the 113,560,919 Shares held by FUNGHWA are not subject to the Offer.

### **INFORMATION ON THE OFFEROR**

Your attention is drawn to the section headed “Information of the Offeror and parties acting in concert with the Offeror” in the “Letter from Opus Securities” of this Composite Document and Appendix III to this Composite Document.

### **INTENTIONS OF THE OFFEROR REGARDING THE GROUP**

The Offeror intends to continue the employment of the existing management and employees of the Group (except for a proposed change to the members of the Board at such time permitted under the GEM Listing Rules and the Takeovers Code) and the current deployment of fixed assets. As at the Latest Practicable Date, (i) no Director intended to resign from the Board; and (ii) the Offeror intends to nominate Mr. Hu and Ms. Zhou as the executive Directors. The proposed appointments are expected to take effect after the dispatch of this Composite Document. The biographical details of Mr. Hu and Ms. Zhou are set out under the section headed “Information of the Offeror and parties acting in concert with the Offeror” in the “Letter from Opus Securities” of this Composite Document.

Save as disclosed above, as at the Latest Practicable Date, the Offeror had not identified any potential candidate to be nominated or appointed as a Director and had not reached any final decision as to who will be nominated as new Directors. Any changes to the members of the Board will be made in compliance with the Takeovers Codes and/or the GEM Listing Rules and further announcement(s) will be made as and when appropriate.

As at the Latest Practicable Date, the Offeror intends to continue the principal business of the Group. The Offeror will, following the completion of the Offer, conduct a detailed review of the business operations and financial position of the Group for the purpose of developing a sustainable business plan or strategy for the Group. Subject to the result of the review and should suitable investment or business opportunities arise, the Offeror may

## **LETTER FROM THE BOARD**

diversify the business of the Group with the objective of broadening its sources of income. As at the Latest Practicable Date, no investment or business opportunities has been identified nor has the Offeror entered into any agreement, arrangements, understandings or negotiation in relation to the injection of any assets or business into the Group. In addition, as at the Latest Practicable Date, neither the Offeror nor the Company has any intention, negotiation, agreement, arrangement and understanding (concluded or otherwise) about the disposal, restructuring or downsizing of any assets or business of the Group.

The Board has considered the intentions of the Offeror regarding the Group as stated above, and is of the view that such intentions are agreeable, fair and reasonable, and in the best interests of the Company and the Shareholders as a whole.

### **PUBLIC FLOAT AND MAINTAINING THE LISTING STATUS OF THE COMPANY**

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 at all times, or if the Stock Exchange believes that:

- a false market exists or may exist in the trading of the Shares; or
- 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. Therefore, it should be noted that upon close of the Offer, there may be insufficient public float of the Shares and the trading in the Shares may be suspended until sufficient public float exists for the Shares. The Directors will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares. The Offeror intends to maintain the listing of the Shares on GEM and will take appropriate steps (including but not limited to placement of Shares) as soon as possible following the close of the Offer to ensure that a sufficient public float exists for the Shares.

### **RECOMMENDATION**

Your attention is drawn to the “Letter from the Independent Board Committee” set out on pages 28 to 29 of the Composite Document and the “Letter from Rainbow Capital” set out on pages 30 to 53 of the Composite Document, which contain, among other things, their advice in relation to the Offer and the principal factors considered by them in arriving at their recommendation. The Offer Shareholders are urged to read those letters carefully before taking any action in respect of the Offer.

### **ADDITIONAL INFORMATION**

Your attention is drawn to the additional information contained in the appendices to the Composite Document. You are also recommended to read carefully Appendix I titled “Further Terms of the Offer” to the Composite Document and the accompanying Form of Acceptance for further details in respect of the procedures for acceptance of the Offer.



**LETTER FROM THE BOARD**

In considering what action to take in connection with the Offer, you should consider your own tax positions, if any, and, in case of any doubt, consult your professional advisers.

Yours faithfully,  
By order of the board of directors of  
**Kingwisoft Technology Group Company Limited**  
**QIU Xiaojian**  
*Chairman*

**Kingwisoft Technology Group Company Limited**  
**金慧科技集團股份有限公司**

*(Formerly known as ZZ Technology Group Company Limited 中植科技集團股份有限公司)*

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

**(Stock Code: 08295)**

3 October 2023

*To the Offer Shareholders*

Dear Sir or Madam,

**UNCONDITIONAL MANDATORY CASH OFFER BY  
OPUS SECURITIES LIMITED FOR AND ON BEHALF OF  
THE OFFEROR TO ACQUIRE ALL THE ISSUED SHARES IN  
KINGWISOFT TECHNOLOGY GROUP COMPANY LIMITED  
(OTHER THAN THOSE ALREADY OWNED AND/OR  
AGREED TO BE ACQUIRED BY THE OFFEROR,  
ITS ULTIMATE BENEFICIAL OWNERS AND  
PARTIES ACTING IN CONCERT WITH ANY OF THEM)**

We refer to the Composite Document dated 3 October 2023 jointly issued by the Company and the Offeror, of which this letter forms part. Unless the context otherwise requires, terms used in this letter have the same meanings as defined in the Composite Document.

We have been appointed by the Board to constitute the Independent Board Committee to consider the terms of the Offer and to advise you (i.e. the Offer Shareholders) as to whether or not, in our opinion, the Offer are fair and reasonable so far as the Offer Shareholders are concerned, and to make recommendation in respect of the acceptance of the Offer.

Rainbow Capital has been appointed as the Independent Financial Adviser to make recommendation to us in respect of the Offer and, in particular, whether the Offer are fair and reasonable so far as the Offer Shareholders are concerned, and to make recommendation in respect of the acceptance of the Offer. Details of its advice and recommendation, together with the principal factors and reasons which it has considered before arriving at such recommendation, are set out in the “Letter from Rainbow Capital” on pages 30 to 53 of the Composite Document.

We further draw your attention to the “Letter from Opus Securities” set out on pages 9 to 18 of the Composite Document which contains, among other things, information about the Offer. We also draw your attention to the “Letter from the Board” set out on pages 19 to 27 of the Composite Document and the additional information set out in the Composite

## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Document, including the Appendices to the Composite Document and the accompanying Form of Acceptance in respect of the terms of the Offer and acceptance and settlement procedures for the Offer.

### RECOMMENDATION

Taking into account the terms of the Offer and Rainbow Capital's advice and recommendations, we consider that the Offer to be not fair and reasonable so far as the Offer Shareholders are concerned. Accordingly, we recommend the Offer Shareholders not to accept the Offer. Offer Shareholders are recommended to read the full text of the "Letter from Rainbow Capital" set out in the Composite Document.

For those Offer Shareholders who intend to accept the Offer, we would remind them to closely monitor the market price and liquidity of the Shares during the Offer Period, and having regard to their own circumstances, consider selling the Shares in the open market, instead of accepting the Offer, if the net proceeds from the ultimate sale of such Shares would be higher than that receivable under the Offer.

As such, for those Offer Shareholders who intend to dispose of large blocks of Shares in the open market, we would also remind them of the possible difficulty in disposing of their Shares in the open market without creating downward pressure on the market prices of the Shares as a result of the thin trading in the Shares.

If in doubt, the Offer Shareholders should consult their own professional advisers for advice. Furthermore, the Offer Shareholders who wish to accept the Offer are recommended to read carefully the procedures for accepting the Offer as detailed in the Composite Document and the accompanying Form of Acceptance.

Yours faithfully,

For and on behalf of the

*Independent Board Committee*

**Kingwisoft Technology Group Company Limited**

**Stephen  
MARKSCHEID**  
*Independent non-  
executive Director*

**ZHANG Weidong**  
*Independent non-  
executive Director*

**ZENG Liang**  
*Independent non-  
executive Director*

**WANG Li**  
*Independent non-  
executive Director*

## LETTER FROM RAINBOW CAPITAL

*The following is the full text of a letter of advice from Rainbow Capital, the Independent Financial Adviser to the Independent Board Committee in respect of the Offer, which has been prepared for the purpose of incorporation in this Composite Document.*

**Rainbow Capital (HK) Limited**

3 October 2023

*To: the Independent Board Committee*

Dear Sirs,

**UNCONDITIONAL MANDATORY CASH OFFER  
BY OPUS SECURITIES LIMITED  
FOR AND ON BEHALF OF THE OFFEROR TO  
ACQUIRE ALL THE ISSUED SHARES IN  
KINGWISOFT TECHNOLOGY GROUP COMPANY LIMITED  
(OTHER THAN THOSE ALREADY OWNED AND/OR  
AGREED TO BE ACQUIRED BY THE OFFEROR,  
ITS ULTIMATE BENEFICIAL OWNERS AND  
PARTIES ACTING IN CONCERT WITH ANY OF THEM)**

### INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee in respect of the Offer, details of which are set out in the “Letter from the Board” of this Composite Document to the Offer Shareholders dated 3 October 2023, of which this letter forms part. Unless the context otherwise requires, capitalised terms used in this letter shall have the same meanings as those defined in this Composite Document.

The Board was informed that, in order to enhance: (i) the stability of the control and the long-term development of the Company; and (ii) the efficiency of the decision making process of the Company at the shareholders’ level by virtue of Mr. Hu’s knowledge and experience in the relevant industry, on 28 August 2023 (after trading hours), Zhongzhi Xinzhuo, Kang Bang (HK) and Mr. Hu entered into the Voting Rights Entrustment Deed, pursuant to which each of Zhongzhi Xinzhuo and Kang Bang (HK) has entrusted the voting rights over all of its 2,409,823,718 Shares (representing approximately 50.46% shareholding interest in the Company as at the Latest Practicable Date) and 455,820,525 Shares (representing approximately 9.54% shareholding interest in the Company as at the Latest Practicable Date), respectively, in the Company to Mr. Hu. No cash consideration or other forms of consideration are, or will be, payable by any party to the Voting Rights Entrustment Deed for or as a result of entering into the Voting Rights Entrustment Deed or the Voting Entrustments contemplated thereunder.

## LETTER FROM RAINBOW CAPITAL

Prior to the Voting Entrustments, Mr. Hu and his concert parties (the Offeror and Ms. Zhou/FUNGHWA) held approximately 6.82% shareholding interest in the Company. As a result of the Voting Entrustments: (i) Mr. Hu acquires control over 60% of the voting rights of the Company; and (ii) as Mr. Hu, Zhongzhi Xinzhuo and Kang Bang (HK) are considered as parties acting in concert pursuant to the Voting Entrustments, Mr. Hu and his concert parties (including the Offeror, Zhongzhi Xinzhuo, Kang Bang (HK) and Ms. Zhou/FUNGHWA) will collectively control approximately 66.82% of the voting rights of the Company. Accordingly, Mr. Hu is required to make an unconditional mandatory cash offer for all the issued Shares (other than those already owned and/or agreed to be acquired by Mr. Hu and his concert parties) under Rule 26.1 of the Takeovers Code. Mr. Hu is making the Offer via the Offeror.

Opus Securities is, for and on behalf of the Offeror and in compliance with the Takeovers Code, making the Offer to acquire all the Offer Shares at the Offer Price of HK\$0.0304 per Offer Share which is set at the volume weighted average price of the Shares on the Last Trading Day (i.e. 25 July 2023).

Pursuant to Rule 2.1 of the Takeovers Code, the Independent Board Committee, comprising all the independent non-executive Directors who have no direct or indirect interest in the Offer, namely, Mr. Stephen MARKSCHEID, Mr. ZHANG Weidong, Mr. ZENG Liang and Mr. WANG Li, has been established to advise and give a recommendation to the Offer Shareholders in respect of the Offer as to whether the Offer is fair and reasonable and as to the acceptance of the Offer. We, Rainbow Capital, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee in the same regard and such appointment has been approved by the Independent Board Committee in accordance with Rule 2.1 of the Takeovers Code.

We are not associated or connected financially or otherwise with the Company, the Offeror, their respective substantial shareholders and professional advisers, or any party acting, or presumed to be acting, in concert with any of them. In the last two years prior to the commencement of the Offer Period, there was no engagement or connection between the Group, the Offeror or Mr. Hu on one hand and us on the other hand. Apart from normal professional fees payable to us in connection with this appointment as the Independent Financial Adviser, no other arrangement exists whereby we will receive any fees or benefits from the Company, the Offeror, their respective substantial shareholders and financial or other professional advisers, or any party acting, or presumed to be acting, in concert with any of them. As such, we are qualified to give independent advice to the Independent Board Committee in respect of the Offer pursuant to Rule 2.6 of the Takeovers Code.

### **BASIS OF OUR OPINION**

In formulating our opinion and advice, we have considered, among other things, (i) the information and facts contained or referred to in this Composite Document; (ii) the annual reports of the Company for the two years ended 31 March 2023 (the “**2022 Annual Report**” and “**2023 Annual Report**”, respectively) and the first quarterly report of the Company for the three months ended 30 June 2023 (the “**2023 Q1 Report**”); (iii) the information and

## LETTER FROM RAINBOW CAPITAL

opinions provided by the Directors and the management of the Group; and (iv) our review of the relevant public information. We have assumed that all the information provided and representations and opinions expressed to us or contained or referred to in this Composite Document were true, accurate and complete in all material respects as at the date thereof and may be relied upon. We have also assumed that all statements contained and representations made or referred to in this Composite Document are true in all material respects at the time they were made and continue to be true in all material respects as at the Latest Practicable Date and all such statements of belief, opinions and intentions of the Directors and the management of the Group and those as set out or referred to in this Composite Document were reasonably made after due and careful enquiry. We have no reason to doubt the truth, accuracy and completeness of such information and representations provided to us by the Directors and the management of the Group. We have also sought and received confirmation from the Directors that no material facts have been withheld or omitted from the information provided and referred to in this Composite Document and that all information or representations provided to us by the Directors and the management of the Group are true, accurate, complete and not misleading in all material respects at the time they were made and continued to be so until the Latest Practicable Date.

The Offer Shareholders will be informed by the Group and us as soon as possible if there is any material change to the information disclosed in this Composite Document during the Offer Period, in which case we will consider whether it is necessary to revise our opinion and inform the Independent Board Committee and the Offer Shareholders accordingly.

We consider that we have reviewed sufficient information currently available to reach an informed view and to justify our reliance on the accuracy of the information contained in this Composite Document so as to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification of the information provided, representations made or opinion expressed by the Directors and the management of the Group, nor have we conducted any form of in-depth investigation into the business, affairs, operations, financial position or future prospects of the Company, the Offeror or any of their respective subsidiaries and associates.

We have not considered the tax and regulatory implications on the Offer Shareholders of acceptance or non-acceptance of the Offer since these depend on their individual circumstances. In particular, the Offer Shareholders who are residents overseas or subject to overseas taxes or Hong Kong taxation on securities dealings should consider their own tax positions and, if in any doubt, should consult their own professional advisers.

## LETTER FROM RAINBOW CAPITAL

### PRINCIPAL TERMS OF THE OFFER

Opus Securities is, for and on behalf of the Offeror and in compliance with the Takeovers Code, making the Offer to acquire all the Offer Shares (other than those already owned and/or agreed to be acquired by the Offeror, its ultimate beneficial owners and parties acting in concert with any of them) on the following basis:

**For each Offer Share . . . . . HK\$0.0304 in cash**

As at the Latest Practicable Date, the Company has 4,776,019,590 Shares in issue. The Company does not have any outstanding options, warrants or derivatives or securities 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 Price is set at the volume weighted average price of the Shares on the Last Trading Day (i.e. 25 July 2023), which is HK\$0.0304 per Share. The Offer Price has been rounded up to four decimal places. The Offer is made to the Offer Shareholders. As the Offeror, its ultimate beneficial owners and parties acting in concert with any of them control in aggregate the voting rights of 3,191,175,381 Shares immediately following the entering into of the Voting Rights Entrustment Deed, 1,584,844,209 Shares are subject to the Offer. Based on the Offer Price of HK\$0.0304 per Offer Share, the maximum amount of offer consideration payable under the Offer will be approximately HK\$48,179,264. The Company has not declared and has no intention of declaring any dividend or making any distribution before the close of the Offer, and there is no dividend or distribution of the Company which remains unpaid as at the Latest Practicable Date.

The Offer is unconditional in all respects and is not conditional upon acceptances being received in respect of a minimum number of Shares or any other conditions.

Further details of the Offer including, among other things, the expected timetable and the terms and procedures for acceptance of the Offer are set out in the sections headed “Expected timetable”, “Letter from Opus Securities” and “Further terms and Procedures of Acceptance of the Offer” to this Composite Document and the Form of Acceptance.

### PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion and recommendation with regard to the Offer, we have taken into account the following principal factors and reasons:

#### 1. Information and historical financial performance of the Group

The Group is principally engaged in investment holding, provision of back-office services (primarily provision of customer service solutions, and setting up of contact service systems and centres), comprehensive marketing and agency services and data centre services. On 15 October 2020, the Group acquired KingNine and its subsidiaries (collectively, the

**LETTER FROM RAINBOW CAPITAL**

“KingNine Group”), which became the Group’s principal operating subsidiaries and major source of operating revenue. During the year ended 31 March 2022 (“FY2022”), the Group disposed of subsidiaries which were principally engaged in provision of corporate advisory services, investment advisory services, asset management services and money lending business. During the year ended 31 March 2023 (“FY2023”), the Group acquired two companies which were principally engaged in provision of back-office services and technology services on the local life service sector (including food and beverage, leisure, shopping and entertainment, hotel and traveling, and mobility, etc), respectively.

**(i) Financial performance**

Set out below is a summary of (a) the audited financial information of the Group for FY2022 and FY2023 as extracted from the 2023 Annual Report; and (b) the unaudited financial information of the Group for the three months ended 30 June 2022 and 2023 (“Q1 2022” and “Q1 2023”, respectively) as extracted from the 2023 Q1 Report:

	<b>FY2022</b>	<b>FY2023</b>	<b>Q1 2022</b>	<b>Q1 2023</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
	<i>(restated)</i>		<i>(restated)</i>	
<b>Continuing operations</b>				
<b>Revenue</b>	<b>734,021</b>	<b>888,622</b>	<b>190,037</b>	<b>271,656</b>
— Back-office services:	694,439	836,974	177,998	255,773
(a) Provision of customer service solutions	693,776	835,634	177,871	255,773
(b) Set up of contact service systems and centres	663	1,340	127	—
— Comprehensive marketing and agency services	18,097	26,135	5,905	10,512
— Data centre services	21,485	25,513	6,134	5,371
<b>Gross profit</b>	<b>187,074</b>	<b>121,238</b>	<b>37,941</b>	<b>29,128</b>
Other income and losses, net	31,655	160,801	2,785	19,484
Marketing expenses	(9,235)	(5,876)	(1,048)	(2,193)
Research and development expenses	(28,114)	(36,394)	(6,748)	(9,483)
Administrative expenses	(87,654)	(85,681)	(16,574)	(21,726)
Impairment loss of goodwill	—	(349,385)	—	—
Gain on derecognition of financial assets measured at amortised cost	13,936	—	—	—
Finance costs	(17,067)	(25,471)	(5,160)	(5,719)



## LETTER FROM RAINBOW CAPITAL

	FY2022	FY2023	Q1 2022	Q1 2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
	<i>(restated)</i>		<i>(restated)</i>	
<b>Profit/(loss) before tax</b>	<b>84,016</b>	<b>(236,956)</b>	<b>11,185</b>	<b>9,491</b>
Income tax (expense)/credit	(12,886)	942	1,684	2,636
<b>Profit/(loss) attributable to the Shareholders</b>	<b>80,350</b>	<b>(230,136)</b>	<b>12,510</b>	<b>11,487</b>
— from continuing operations	74,525	(230,136)	12,510	11,487
— from discontinued operations	5,825	—	—	—

*Note:* in preparation for the consolidated financial statements of the Group for FY2023, the management of the Group noted a misstatement in its consolidated statement of profit or loss and other comprehensive income for FY2022 in relation to certain transactions of the Group's comprehensive marketing and agency services in which the Group acted as an agent rather than a principal based on a re-assessment of those transactions. Accordingly, the revenue and the related cost of services for FY2022 and Q1 2022 are restated and recognised in net amount instead of in gross amount, and the corresponding contract liabilities are restated and reclassified to other payables as at 31 March 2022.

### *FY2023 compared to FY2022*

For FY2023, the Group's revenue from continuing operations was approximately RMB888.6 million, representing an increase of approximately 21.1% from approximately RMB734.0 million for FY2022. Such increase was mainly driven by the increase in the revenue from back-office services by approximately 20.5%, as the Group acquired a number of customers in the field of internet marketing services by deepening the incremental market of the whole industry. With the changes in consumer habits and behaviors brought about by the pandemic, such as people getting used to purchasing groceries online and spending more time on short videos, live streaming and other leisure activities, the e-commerce, live streaming services and other innovative businesses have continued to improve and bring significant growth of approximately 44.4% on the comprehensive marketing and agency services business.

The Group's gross profit from continuing operations decreased by approximately 35.2% from approximately RMB187.1 million for FY2022 to approximately RMB121.2 million for FY2023, primarily attributable to the increase in costs of services including staff costs, subcontracting fees, rental expenses, depreciation and amortisation as a result of the proactive measures taken by the Group for the COVID-19 pandemic prevention and control as well as the setting up of new contact centres yet to reach their optimal operating scale.

## LETTER FROM RAINBOW CAPITAL

The Group recorded a loss attributable to the Shareholders from continuing operations of approximately RMB230.1 million for FY2023 as compared to a profit attributable to the Shareholders from continuing operations of approximately RMB74.5 million for FY2022. The loss was primarily attributable to (a) the decrease in gross profit as mentioned above; (b) the increase in research and development expenses and finance costs by approximately RMB8.3 million and RMB8.4 million, respectively; (c) the recognition of a non-cash impairment loss on goodwill of the cash-generating unit of the KingNine Group of approximately RMB349.4 million based on the Group's assessment on the latest available information and the overall economic environment; and (d) the decrease in a gain on derecognition of financial assets measured at amortised cost of approximately RMB13.9 million, which was partially offset by the increase in net other income and losses by approximately RMB129.1 million mainly attributable to the Group's recognition of a fair value gain on contingent consideration which was the compensation for the shortfall between the guaranteed profit and actual net profit of the KingNine Group for FY2023. Excluding the non-cash impairment loss on goodwill, the Group would have recognised profit from continuing operations of approximately RMB113.4 million.

### *Q1 2023 compared to Q1 2022*

For Q1 2023, the Group's revenue from continuing operations was approximately RMB271.7 million, representing an increase of approximately 42.9% from approximately RMB190.0 million for Q1 2022. Such increase was mainly driven by the increase in the revenue from back-office services and comprehensive marketing and agency services by approximately 43.7% and 78.0%, respectively, resulting from the full resumption of normalised operation of China's economy and society as well as the recovery and increase in the Group's client service needs since the beginning of 2023. The Group has also consolidated its leading position in its advantageous fields such as the internet and telecommunications operators.

The Group's gross profit from continuing operations decreased by approximately 23.3% from approximately RMB37.9 million for Q1 2022 to approximately RMB29.1 million for Q1 2023, primarily attributable to the increase in costs of services including staff costs, subcontracting fees, rental expenses, depreciation and amortisation.

The Group's profit attributable to the Shareholders from continuing operations decreased by approximately 8.2% from approximately RMB12.5 million for Q1 2022 to approximately RMB11.5 million for Q1 2023. Such decrease was primarily attributable to (a) the decrease in gross profit as mentioned above; and (b) the increase in research and development expenses and administrative expenses by approximately RMB2.7 million and RMB5.2 million, respectively, which was partially offset by the increase in net other income and losses by approximately

**LETTER FROM RAINBOW CAPITAL**

RMB16.7 million mainly attributable to the increases in exchange gain and government grants and subsidies as compared to those of the corresponding period in 2022.

**(ii) Financial position**

Set out below is a summary of the consolidated statements of financial position of the Group as at 31 March 2021, 2022 and 2023 as extracted from the 2022 Annual Report and the 2023 Annual Report:

	<b>As at 31 March</b>		
	<b>2021</b> <i>RMB'000</i> <i>(audited)</i>	<b>2022</b> <i>RMB'000</i> <i>(audited)</i> <i>(restated)</i>	<b>2023</b> <i>RMB'000</i> <i>(audited)</i>
<b>Non-current assets, including:</b>	<b>845,446</b>	<b>907,907</b>	<b>634,712</b>
— Property and equipment	28,068	70,501	95,517
— Right-of-use assets	28,119	42,370	52,916
— Goodwill	581,824	581,824	281,580
— Other intangible assets	184,693	184,076	180,121
<b>Current assets, including:</b>	<b>569,995</b>	<b>666,193</b>	<b>858,113</b>
— Accounts receivables	311,326	485,259	599,312
— Prepayments, other receivables and other assets	48,393	88,630	80,516
— Cash and cash equivalents	202,710	86,047	163,697
<b>Total assets</b>	<b>1,415,441</b>	<b>1,574,100</b>	<b>1,492,825</b>
<b>Current liabilities, including:</b>	<b>168,385</b>	<b>314,167</b>	<b>239,415</b>
— Other payables and accruals	38,689	59,524	105,220
— Consideration payables	70,000	70,000	28,519
— Interest-bearing bank and other borrowings	29,000	140,779	68,500
— Lease liabilities	11,247	20,962	23,098
<b>Net current assets</b>	<b>401,610</b>	<b>352,026</b>	<b>618,698</b>

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	<b>As at 31 March</b>		
	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(audited)</i>
		<i>(restated)</i>	
<b>Non-current liabilities:</b>	<b>231,425</b>	<b>168,680</b>	<b>227,553</b>
— Other payables and accruals	—	—	1,275
— Consideration payables	190,837	129,499	5,255
— Interest-bearing bank and other borrowings	—	—	177,144
— Lease liabilities	16,770	17,986	25,324
— Deferred tax liabilities	23,818	21,195	18,555
<b>Total liabilities</b>	<b>399,810</b>	<b>482,847</b>	<b>466,968</b>
<b>Equity attributable to the Shareholders</b>	<b>999,904</b>	<b>1,071,105</b>	<b>1,014,166</b>
<b>Current ratio (Note 1)</b>	<b>3.4</b>	<b>2.1</b>	<b>3.6</b>

*Note:*

1. Being current assets divided by current liabilities.

As at 31 March 2023, total assets of the Group were approximately RMB1,492.8 million, primarily consisted of (a) goodwill of approximately RMB281.6 million mainly arising from the Group's acquisition of the KingNine Group; (b) other intangible assets of approximately RMB180.1 million which mainly represented the brand, customer relationship, technology know-how, patent and software arising from the Group's acquisition of the KingNine Group; (c) accounts receivable of approximately RMB599.3 million; and (d) cash and cash equivalents of approximately RMB163.7 million.

As at 31 March 2023, total liabilities of the Group were approximately RMB467.0 million, primarily consisted of (a) other payables and accruals of approximately RMB106.5 million; (b) interest-bearing bank and other borrowings of approximately RMB245.6 million, including (1) bank borrowings of approximately RMB68.5 million which were interest-bearing at fixed rates ranging from 4.35% to 4.65% and secured by certain accounts receivable of the Group in the amount of RMB250 million and the personal guarantees of RMB160 million provided by a director of a subsidiary of the Company and his spouse; and (2) other borrowings of approximately RMB177.1 million which were due to a related company which is an entity indirectly controlled by the Company's ultimate controlling party and due to mature on 31 March 2025; and (c) lease liabilities of approximately RMB48.4 million.

## LETTER FROM RAINBOW CAPITAL

The Group's financial is generally healthy given its net current assets of approximately RMB618.7 million with a current ratio of approximately 3.6 times as at 31 March 2023. Based on (a) the audited net asset value attributable to the Shareholders of approximately RMB1,014.2 million as at 31 March 2023; (b) 4,776,019,590 Shares in issue as at the Latest Practicable Date; and (c) the exchange rate of RMB1.0 to HK\$1.08, the Group's audited net asset value amounted to approximately HK\$0.229 per Share.

### *(iii) Overall comment*

As the Group strengthened its business relationships with leading clients in the fields of internet mobility, finance and securities, e-commerce, and live streaming services and enhanced its marketing efforts to develop clients in other industries, the Group had recorded an increasing trend in revenue during FY2023 and Q1 2023. Given the changes in consumer habits and behaviors brought about by the pandemic, such as people getting used to purchasing groceries online and spending more time on short videos, live streaming and other leisure activities, it is expected that the e-commerce, live streaming services and other innovative business in which the Group's clients are engaged in would continue to improve and thereby drive the revenue growth of the Group.

As disclosed in the 2023 Q1 Report, the full resumption of normalised operation of China's economy and society since the beginning of 2023 have enhanced China's gross domestic product ("GDP") and stimulated the growth of the service industry. According to the National Bureau of Statistics of China (the "NBS"), the value added to GDP by the service sector recorded a year-on-year growth of approximately 2.3% and 6.4% in 2022 and the first half of 2023, respectively. Specifically, the value added to GDP by information transmission sector, software and information technology services sector, leasing and business services sector, financial intermediation and wholesale and retail sector recorded a year-on-year increase of approximately 12.9%, 10.1%, 7.3% and 6.6%, respectively, in the first half of 2023, all of which were even higher than the growth rate of the value added to GDP by the service sector. As the Group's major clients are players from various service industries such as finance and securities, telecommunications operators and Internet, they are expected to recover rapidly with the continued economic recovery and the gradual rise of new endogenous momentum. Especially the pandemic shifted people's behavior focus from traditional offline platforms to online, particularly in the fields of online education, online shopping and media platforms offering short videos and live streaming. It is believed that such change in behavior focus will further promote the booming development of Internet sector companies, which are expected to bring the Group's business more opportunities for rapid growth and will improve the financial results of the Group for the coming years.

## **2. Information on the Offeror and their intention regarding the Group**

Details on the information on the Offeror and its intention regarding the Group are set out in the sections headed “Information on the Offeror and parties acting in concert with the Offeror” and “Intentions of the Offeror regarding the Group” in the “Letter from Opus Securities” in this Composite Document, which are summarised as follows:

### ***(i) Information on the Offeror and parties acting in concert with it***

#### ***The Offeror***

The Offeror is a company incorporated under the Laws of the BVI on 21 November 2019 with limited liability. It is principally engaged in investment holding of approximately 4.44% shareholding interest in the Company and 100% shareholding interest in Omnistar Holdings HK Limited (全星控股有限公司) (which does not have any business activities, operations or major investments). The Offeror is owned as to 40.60% by Mr. Hu and 59.40% by Ms. Liu, respectively, as at the Latest Practicable Date.

#### ***Mr. Hu***

Mr. Hu is the sole director of the Offeror and a director of KingNine and DaLian Kingwisoft. He is also a shareholder holding approximately 32.91% shareholding interest in DaLian Kingwisoft as at the Latest Practicable Date. He joined DaLian Kingwisoft in January 2014 as the legal representative. Prior to joining DaLian Kingwisoft, Mr. Hu served as the manager of operating centre of Shanghai Hewlett-Packard Co., Ltd. (Dalian Branch)\* (上海惠普有限公司(大連分公司)) from July 2004 to September 2008. From September 2008 to November 2013, Mr. Hu served as the China regional sales manager of Neusoft Cloud Technology Co., Ltd.\* (東軟雲科技有限公司) (previously known as Neusoft IT Service Co., Ltd.\* (東軟信息技術服務有限公司)). Mr. Hu is the spouse of Ms. Liu.

In 2019, Mr. Hu was included as a scientific and technological innovation and entrepreneurship talent in the Innovative Talents Promotion Program of the Ministry of Science and Technology of the People’s Republic of China. Mr. Hu was honoured as an Excellent Entrepreneur in Liaoning Province in 2020 and one of the 20th anniversary Outstanding Entrepreneur in Liaoning’s Software Industry. In 2022, Mr. Hu was honoured as a leading talent in China’s digital services and service outsourcing, and a high-level talent (leading talent) in Dalian city. He has more than a decade of marketing and management experience in multinational IT companies. Mr. Hu obtained his bachelor’s degree in Japanese from Liaoning Normal University in 2004.

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### *Ms. Liu*

Ms. Liu is a shareholder holding approximately 40.83% shareholding interest in DaLian Kingwisoft as at the Latest Practicable Date. She was a director of DaLian Kingwisoft from October 2015 to December 2020. She joined DaLian Kingwisoft in August 2014 as the chief executive. From May 2007 to November 2008, Ms. Liu served as the specialist of Shanghai Hewlett-Packard Co., Ltd. (Dalian Branch)\* (上海惠普有限公司(大連分公司)). She then served as the regional manager of eastern China region of Neusoft Cloud Technology Co., Ltd.\* (東軟雲科技有限公司) (previously known as Neusoft IT Service Co., Ltd.\* (東軟信息技術服務有限公司)) from March 2009 to July 2011 and served as the human resource assistant of BPO Matter Management Department of Yidatec Co., Ltd. (億達資訊技術有限公司) from August 2011 to April 2014. Ms. Liu is the spouse of Mr. Hu.

### *Zhongzhi Xinzhuo*

Zhongzhi Xinzhuo is a company incorporated in the BVI with limited liability and an existing Shareholder holding 2,409,823,718 Shares (representing approximately 50.46% shareholding interest in the Company) as at the Latest Practicable Date. It is ultimately beneficially owned by Mr. Xie. Zhongzhi Xinzhuo has the requisite power and capacity to enter into the Voting Rights Entrustment Deed.

### *Kang Bang (HK)*

Kang Bang (HK) is a company incorporated in Hong Kong with limited liability and an existing Shareholder holding 455,820,525 Shares (representing approximately 9.54% shareholding interest in the Company) as at the Latest Practicable Date. It is ultimately beneficially owned by Mr. Xie. Kang Bang (HK) has the requisite power and capacity to enter into the Voting Rights Entrustment Deed.

### *Ms. Zhou*

Ms. Zhou (the sole shareholder of FUNGHWA) is holding approximately 9.47% shareholding interest in DaLian Kingwisoft through FUNGHWA as at the Latest Practicable Date. She has been the president of Dalian Kingwisoft since November 2013. Prior to joining DaLian Kingwisoft, Ms. Zhou served as the assistant to the China regional sales director of Neusoft Cloud Technology Co., Ltd.\* (東軟雲科技有限公司) (previously known as Neusoft IT Service Co., Ltd.\* (東軟資訊技術服務有限公司)) from December 2009 to December 2013. From May 2007 to December 2009, Ms. Zhou served as the head of business department of DaLian First HI-TE.Enterprise H.R. Service Co., Ltd.\* (大連弗斯特高新人才發展管理有限公司).

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Mr. Hu, Ms. Liu and Ms. Zhou, among others, have entered into the Contractual Arrangements so as to enable KingNine to maintain control over DaLian Kingwisoft. For further details of the Contractual Arrangements, please refer to the announcement of the Company dated 10 September 2020 and the circular of the Company dated 18 September 2020.

### *(ii) Intention of the Offeror regarding the Group*

#### *(a) Business*

As set out in the “Letter from Opus Securities” in this Composite Document, as at the Latest Practicable Date, the Offeror intends to continue the principal business of the Group. The Offeror will, following the completion of the Offer, conduct a detailed review of the business operations and financial position of the Group for the purpose of developing a sustainable business plan or strategy for the Group. Subject to the result of the review and should suitable investment or business opportunities arise, the Offeror may diversify the business of the Group with the objective of broadening its sources of income. As at the Latest Practicable Date, no investment or business opportunities has been identified nor has the Offeror entered into any agreement, arrangements, understandings or negotiation in relation to the injection of any assets or business into the Group. In addition, as at the Latest Practicable Date, neither the Offeror nor the Company has any intention, negotiation, agreement, arrangement and understanding (concluded or otherwise) about the disposal, restructuring or downsizing of any assets or business of the Group.

#### *(b) Board composition*

As at the Latest Practicable Date, the Board is made up of two executive Directors, namely Mr. QIU Xiaojian and Mr. LI Xiang, and four independent non-executive Directors, namely Mr. Stephen MARKSCHEID, Mr. ZHANG Weidong, Mr. ZENG Liang and Mr. WANG Li.

As at the Latest Practicable Date, (i) no Director intended to resign from the Board; and (ii) the Offeror intends to nominate Mr. Hu and Ms. Zhou as the executive Directors. The proposed appointments are expected to take effect after the dispatch of this Composite Document.

Save as disclosed above, as at the Latest Practicable Date, the Offeror had not identified any potential candidate to be nominated or appointed as a Director and had not reached any final decision as to who will be nominated as new Directors. Any changes to the members of the Board will be made in compliance with the Takeovers Codes and/or the GEM Listing Rules and further announcement(s) will be made as and when appropriate.



## LETTER FROM RAINBOW CAPITAL

### *(c) Maintenance of the Company's listing status*

The Offeror intends the Company to remain listed on the Stock Exchange.

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:

- (1) a false market exists or may exist in the trading of the Shares; or
- (2) 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.

The Offeror intends the Company to remain listed on the Stock Exchange. The sole director of the Offeror and the new Directors to be appointed to the Board will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares.

### *(iii) Overall comment*

Taking into account (i) Mr. Hu, Ms. Liu and Ms. Zhou have years of experience in the information technology industry. In particular, they have been working in DaLian Kingwisoft for nearly ten years, which is one of the Group's principal operating subsidiaries and major source of operating revenue after the Group's acquisition of KingNine Group in 2020; (ii) as at the Latest Practicable Date, the Offeror intends to continue the principal business of the Group; (iii) the Offeror intends to nominate Mr. Hu and Ms. Zhou as the executive Directors; and (iv) the Offeror intends the Company to remain listed on the Stock Exchange, we consider Mr. Hu, Ms. Liu and Ms. Zhou will enhance the Group's operation with their years of experience in the industry and understanding of the Group's operating subsidiaries.

### **3. Industry overview and outlook**

As disclosed in the sub-section headed "1. Information and historical financial performance of the Group — (i) financial performance" above, the principal business of the Group is the provision of back-office services, which contributed to approximately 94.6%, 94.2% and 94.2% of the Group's total revenue for FY2022, FY2023 and Q1 2023, respectively. With reference to the 2022 Annual Report, the Group's provision of back-office services primarily includes the provision of customer service solutions such as contact services and call centre-related business process outsourcing ("BPO") services.

Based on the information provided in the section headed "Industry Overview" in the circular of the Company dated 18 September 2020 in relation to the Group's acquisition of the KingNine Group, which made reference to the statistics from China Insights Consultancy, a

## LETTER FROM RAINBOW CAPITAL

professional consulting company established in 2014 which provides industry consulting services, commercial due diligence and strategic consulting services for a variety of industries, total revenue generated from the customer service outsourcing industry in China increased from approximately RMB14.1 billion in 2014 to approximately RMB41.3 billion in 2019, growing at a compound annual growth rate (“CAGR”) of approximately 24.0%. This growth has been driven by the continued economic growth in China, a booming demand from downstream industries, such as financial, telecom, internet-based services, logistics and transportation industries as well as an increasing penetration rate for the customer service outsourcing solutions in the PRC. In addition, the revenue of customer service outsourcing industry is expected to grow at a CAGR of approximately 14.1% during the period from 2019 to 2024 up to as much as approximately RMB80.0 billion by 2024. Such growing trend is mainly attributable to healthy growth in the Chinese economy and the continuous development of downstream industries, along with the trading up of Chinese consumers, all of which create more opportunities for expanding customer service and marketing activities in China.

According to the NBS, China’s GDP has increased from approximately RMB91,928 billion in 2018 to approximately RMB121,021 billion in 2022 with a CAGR of approximately 7.1%, indicating a steady growth in economy in the past 5 years. According to the “World Economic Outlook: A Rocky Recovery” released by International Monetary Fund in April 2023, China’s economy is expected to continue to grow with a projected GDP growth rate of approximately 5.2% and 4.5% in 2023 and 2024, respectively. (Source: <https://www.imf.org/en/Publications/WEO/Issues/2023/04/11/world-economic-outlook-april-2023>). The economic growth would in turn drive the people’s demand and expenditure on back-office services, comprehensive marketing and agency services and data centre services in which the Group provides. According to the NBS, the value added to GDP by the service sector recorded a year-on-year growth of approximately 2.3% and 6.4% in 2022 and the first half of 2023, respectively. Specifically, the value added to GDP by information transmission sector, software and information technology services sector, leasing and business services sector, financial intermediation and wholesale and retail sector recorded a year-on-year increase of approximately 12.9%, 10.1%, 7.3% and 6.6%, respectively, in the first half of 2023. The strong growth momentum in the Chinese economy and major downstream industries of the contact service centre industry, including the financial industry, telecom industry, the Internet-based services industry and the logistics and transportation industry, is expected to stimulate the enterprises’ demand to outsource their customer services in consideration of cost savings and efficiency and in response to increasing competition, ultimately driving the contact service centre industry in the PRC to grow in a fast pace.

Having taking into account the above and in particular that (i) the contact service centre industry in the PRC has experienced growth in the recent years due to the continued economic growth in the PRC as a whole, especially the rapid development of the financial, telecom, internet-based services industries; and (ii) more and more client companies prefer to make use of customer service outsourcing solutions due to their cost-effectiveness and scalability, we consider the growth potential and prospect in the contact service centre industry in the PRC to be positive in the near future.

## LETTER FROM RAINBOW CAPITAL

### 4. Offer Price comparison

The Offer Price of HK\$0.0304 per Offer Share represents:

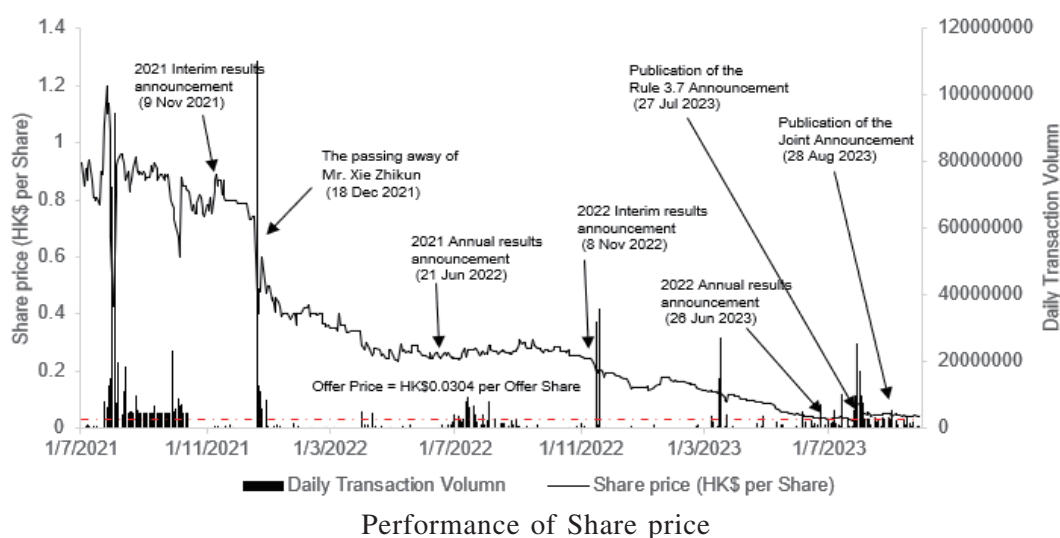
- (i) a premium of approximately 1.33% to the closing price of HK\$0.030 per Share as quoted on the Stock Exchange on 25 July 2023, being the Last Trading Day;
- (ii) a discount of approximately 5.00% to the average closing price of approximately HK\$0.032 per Share as quoted on the Stock Exchange for the five consecutive trading days immediately prior to and including the Last Trading Day;
- (iii) a discount of approximately 13.14% to the average closing price of approximately HK\$0.035 per Share as quoted on the Stock Exchange for the 10 consecutive trading days immediately prior to and including the Last Trading Day;
- (iv) a discount of approximately 17.84% to the average closing price of approximately HK\$0.037 per Share as quoted on the Stock Exchange for the 30 consecutive trading days immediately prior to and including the Last Trading Day;
- (v) a discount of approximately 39.20% to the average closing price of approximately HK\$0.050 per Share as quoted on the Stock Exchange for the 60 consecutive trading days immediately prior to and including the Last Trading Day;
- (vi) a discount of approximately 55.94% to the average closing price of approximately HK\$0.069 per Share as quoted on the Stock Exchange for the 90 consecutive trading days immediately prior to and including the Last Trading Day;
- (vii) a discount of approximately 74.88% to the average closing price of approximately HK\$0.121 per Share as quoted on the Stock Exchange for the 180 consecutive trading days immediately prior to and including the Last Trading Day;
- (viii) a discount of approximately 85.24% to the average closing price of approximately HK\$0.206 per Share as quoted on the Stock Exchange for the 360 consecutive trading days immediately prior to and including the Last Trading Day;
- (ix) a discount of approximately 27.62% to the closing price of HK\$0.042 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and
- (x) a discount of approximately 86.72% to the audited net asset value attributable to the Shareholders of approximately HK\$0.229 per Share as at 31 March 2023.

## LETTER FROM RAINBOW CAPITAL

### 5. Trading performance of the Shares

#### (i) Historical Share price performance

Set out below are the movement of the closing prices of the Shares as quoted on the Stock Exchange from 1 July 2021 to the Last Trading Day (i.e. 25 July 2023) (the “Review Period”), being approximately two years preceding the Last Trading Day, and up to the Latest Practicable Date. Given the Share price performance has been adversely affected since December 2021 by the passing away of Mr. Xie, the then ultimate beneficial owner of the Company, we consider the Review Period commencing from July 2021 is appropriate and adequate to reflect the Company’s position under the general market sentiment and illustrates the general trend and movement of the daily closing price of the Shares.



Source: Bloomberg

As shown in the chart above, during the Review Period, the Shares price generally closed above the Offer Price (i.e. 502 trading days, accounting for approximately 99.4% of a total of 505 trading days). The closing prices of the Shares during the Review Period ranged from HK\$0.028 on 24 July 2023, representing a discount of approximately 7.89% to the Offer Price, to HK\$1.20 on 26 July 2021, representing a premium of approximately 3,847.37% over the Offer Price.

The movements of the Share price were relatively volatile in July and August 2021 by increasing from HK\$0.93 on 2 July 2021 to the highest of HK\$1.20 on 26 July 2021, and rapidly falling to HK\$0.425 per Share on 2 August 2021. The Share price then rebounded to HK\$0.82 on 4 August 2021 and fluctuated between HK\$0.83 and HK\$0.96 in August and September 2021. Afterwards, the closing price of the Shares generally exhibited a downward trend and recorded an abrupt drop to reached a low of HK\$0.40 on 21 December 2021, following the announcement of the sudden death of Mr. Xie, the then

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ultimate beneficial owner of the Company, on 18 December 2021. Subsequently, the Share price continued to fall and dropped to the lowest of HK\$0.028 on 24 July 2023. Since the publication of the Rule 3.7 Announcement on 26 July 2023 in relation to the possible Voting Entrustments, the closing price of the Shares rebounded but soon resumed an overall downward trend up to the Latest Practicable Date. As at the Latest Practicable Date, the Share price closed at HK\$0.042, representing a premium of approximately 38.16% over the Offer Price.

Taking into account that (a) the Offer Price represents a deep discount of approximately 86.72% to the audited net asset value attributable to the Shareholders per Share of approximately HK\$0.229 as at 31 March 2023; (b) the Share price generally closed above the Offer Price (i.e. 502 trading days, accounting for approximately 99.4% of a total of 505 trading days) during the Review Period; (c) the discounts of the Offer Price to the closing prices of the Shares for the various periods in the 360 trading days before the Last Trading Day are generally significant, in the range of approximately 5.00% to 85.24%; and (d) the Share price represents a premium of approximately 38.16% over the Offer Price as at the Latest Practicable Date, we consider that, in comparison of the historical closing prices of the Shares, the Offer Price is not fair and reasonable so far as the Offer Shareholders are concerned.

### *(ii) Liquidity of the Shares*

The following table sets out the average daily trading volume of the Shares for each month or period and the percentages of such average daily trading volume to the total number of Shares in issue and held by the public during the period from 1 July 2021 to the Latest Practicable Date.

	Number of trading days <i>(Note 1)</i>	Approximate average daily trading volume	Approximate percentage of average daily trading volume to total number of Shares in issue <i>(Note 1)</i>	Approximate percentage of average daily trading volume to total number of Shares held by the public <i>(Note 1)</i>
<b>2021</b>				
July	21	6,154,286	0.1469%	0.5869%
August	22	11,096,364	0.2649%	1.0581%
September	21	5,913,333	0.1412%	0.5639%
October	18	2,471,111	0.0590%	0.2356%
November	22	297,273	0.0071%	0.0283%
December	22	7,143,636	0.1706%	0.6812%

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	Number of trading days <i>(Note 1)</i>	Approximate average daily trading volume	Approximate percentage of average daily trading volume to total number of Shares in issue <i>(Note 1)</i>	Approximate percentage of average daily trading volume to total number of Shares held by the public <i>(Note 1)</i>
<b>2022</b>				
January	21	375,238	0.0090%	0.0358%
February	17	145,882	0.0035%	0.0139%
March	23	55,652	0.0013%	0.0053%
April	18	856,667	0.0205%	0.0817%
May	20	200,500	0.0048%	0.0191%
June	21	791,905	0.0189%	0.0755%
July	20	3,747,000	0.0895%	0.3573%
August	23	1,573,043	0.0329%	0.0961%
September	21	251,429	0.0053%	0.0154%
October	20	150,000	0.0031%	0.0092%
November	22	3,464,545	0.0725%	0.2117%
December	20	136,000	0.0028%	0.0083%
<b>2023</b>				
January	18	93,333	0.0020%	0.0057%
February	20	149,000	0.0031%	0.0091%
March	22	3,833,636	0.0803%	0.2257%
April	15	492,000	0.0103%	0.0290%
May	21	320,952	0.0067%	0.0189%
June	21	1,234,286	0.0258%	0.0727%
July	19	4,725,263	0.0989%	0.2782%
August	23	2,824,348	0.0591%	0.1663%
From 1 September to the Latest Practicable Date	19	1,168,421	0.0245%	0.0688%

*Source: Bloomberg and the website of the Stock Exchange*

*Notes:*

1. Number of trading days of the Shares represents number of trading days during the month or period which excludes any trading day on which trading of the Shares on the Stock Exchange was suspended for the whole trading day (if applicable).

## LETTER FROM RAINBOW CAPITAL

2. Based on the total number of the Shares in issue at the end of each month or period as disclosed in the monthly returns of the Company.
3. Based on the number of Shares held by public Shareholders as calculated by deducting the Shares held by the Offeror and the parties acting in concert with it from the total number of the Shares in issue at the end of each month or period.

As illustrated in the table above, the trading of the Shares was generally inactive since 1 July 2021. The average daily trading volume for the respective month or period during the above period ranged from approximately 55,652 Shares in March 2022 to approximately 11,096,364 Shares in August 2021, representing approximately 0.0013% to 0.2649% of the total number of the Shares in issue and approximately 0.0053% to 1.0581% of the total number of the Shares held by the public, respectively.

Given the thin trading liquidity of the Shares in general as illustrated above, if the Offer Shareholders intend to dispose of a significant shareholding in the Company in the market within a short timeframe, it is possible that a downward pressure would be exerted on the market price of the Shares. In such circumstance, the Offer may represent an alternative exit for the Offer Shareholders with significant shareholding in the Company to realise their investments in the Company at the Offer Price. However, should the market price of the Shares exceed the Offer Price during the Offer Period and the sale proceeds (net of transaction costs) exceed the net proceeds receivable under the Offer, the Offer Shareholders may consider selling their Shares in the open market if they would like to divest the securities of the Company in the short-run.

### 6. Comparable analysis

As disclosed in the sub-section headed “1. Information and historical financial performance of the Group — (i) financial performance” above, the principal business of the Group is the provision of back-office services, which contributed to approximately 94.6%, 94.2% and 94.2% of the Group’s total revenue for FY2022, FY2023 and Q1 2023, respectively. With reference to the 2022 Annual Report, the Group’s provision of back-office services primarily includes the provision of customer service solutions such as contact services and call centre-related BPO services.

Price-to-earnings (“P/E(s)”), price-to-book (“P/B(s)”) and price-to-sale (“P/S(s)”) multiples are the three most commonly used benchmarks in valuing a company. P/E is usually adopted for judging valuations for companies which are profit making. On the other hand, P/B is typically applied for valuing companies which hold relatively liquid assets on their balance sheets and their book values approximate their fair market values such as real estate companies, banks and money lenders whereas P/S is appropriate for valuing companies which have volatile earnings or loss but relatively stable revenue such as retailers offering general merchandise.

## LETTER FROM RAINBOW CAPITAL

Although the Group recorded net loss of approximately RMB236.0 million for FY2023, it was primarily attributable to the recognition of a non-cash impairment loss on goodwill which was non-recurring and not business-related in nature. Excluding the impairment loss on goodwill, the Group would record an adjusted net profit of approximately RMB113.4 million for FY2023.

Given that the Group was profit marking after adjusting the non-cash impairment loss on goodwill for FY2023, we consider the valuation methodology using P/E is appropriate in valuing the Group. However, the Comparable Company (as defined below) was loss making. Despite P/B is not typically applied for valuing companies in the industry in which the Group is engaged in and having considered that the Group recorded net assets position as at 31 March 2023, we also used P/B as an additional reference for Offer Shareholders when considering the Offer. Given the limitation of the P/E and P/B methodologies as stated above, we have also adopted P/S for valuing the Offer. Based on (a) the Offer Price of HK\$0.0304 per Offer Share; (b) 4,776,019,590 Shares in issue as at the Latest Practicable Date; and (c) revenue of approximately RMB888.6 million for FY2023, the adjusted net profit of approximately RMB113.4 million for FY2023 and the net assets value of approximately RMB1,014.2 million as at 31 March 2023, the P/E, the P/B and the P/S implied by the Offer Price are approximately 1.1 times (the “**Implied P/E**”), 0.1 time (the “**Implied P/B**”) and 0.1 times (the “**Implied P/S**”), respectively.

In evaluating the fairness and reasonableness of the Offer Price, we have, based on our search on Bloomberg and the website of the Stock Exchange, identified an exhaustive list of company (the “**Comparable Company**”) which (a) is principally engaged in provision of customer service solutions including contact services and centre-related BPO services; and (b) has its shares listed and traded on the Stock Exchange. Based on the aforesaid criteria, we have identified one Comparable Company, which represents an exhaustive list. Despite of having only one Comparable Company, we consider the Comparable Company to be highly relevant for comparison purpose as the Comparable Company (i) is engaged in business similar to the Group; (ii) has similar market capitalisation as the Group; and (iii) is listed on the Stock Exchange and hence share similar market sentiment of the Company.



## LETTER FROM RAINBOW CAPITAL

The following table set out the details of the Comparable Company:

Company name (stock code)	Principal activities	Market capitalisation as at the Last Trading Day (HK\$ million)	P/E (Note 1) (times)	P/B (Note 1) (times)	P/S (Note 1) (times)
ETS Group Limited (8031.HK)	Principally engaged in the provision of comprehensive multi-media contact services and contact center systems	106.4	N/A	1.2	1.3
	<b>The Offer</b>	145.2	1.1	0.1	0.1
		implied by the Offer price	(Note 2)	(Note 2)	(Note 2)

*Source: Bloomberg*

*Notes:*

1. Being the P/E, P/B and P/S of the Comparable Company as at the Last Trading Day as extracted from Bloomberg. The P/E of the Comparable Company has been adjusted for non-recurring and not business-related items for comparison purpose; and
2. Being the Implied P/E, the Implied P/B and the Implied P/S.

As shown in the table above, the Comparable Company recorded net loss in its latest financial year while the Implied P/E of approximately 1.1 times is hence could not be used for comparison purpose.

On the other hand, the P/B of the Comparable Company was approximately 1.2 times as at the Last Trading Day. The Implied P/B of approximately 0.1 time is significantly lower than the P/B of the Comparable Company.

The P/S of the Comparable Company was approximately 1.3 times as at the Last Trading Day. The Implied P/S of approximately 0.1 time is also significantly lower than the P/S of the Comparable Company.

In view of both of the Implied P/B and the Implied P/S are significantly lower than those of the Comparable Company, we consider that the Offer Price is not fair and reasonable so far as the Offer Shareholders are concerned.

## LETTER FROM RAINBOW CAPITAL

### DISCUSSION AND ANALYSIS

We consider that the terms of the Offer, including the Offer Price of HK\$0.0304 per Offer Share, are not fair and reasonable so far as the Offer Shareholders are concerned after taking into account the above principal factors and reasons as a whole, in particular:

- (i) as the Group strengthened its business relationships with leading clients in the fields of internet mobility, finance and securities, e-commerce, and live streaming services and enhanced its marketing efforts to develop clients in other industries, the Group had recorded an increasing trend in revenue during FY2023 and Q1 2023. Given the changes in consumer habits and behaviors brought about by the pandemic, such as people getting used to purchasing groceries online and spending more time on short videos, live streaming and other leisure activities, it is expected that the e-commerce, live streaming services and other innovative business in which the Group's clients are engaged would continue to improve and thereby drive the revenue growth of the Group. As disclosed in the 2023 Q1 Report, the full resumption of normalised operation of China's economy and society since the beginning of 2023 have enhanced China's GDP, which drives people's demand and expenditure on various services and stimulated the growth of the service industry. As the Group's major clients are players from various service industries such as finance and securities, telecommunications operators and Internet, they are expected to recover rapidly with the continued economic recovery and the gradual rise of new endogenous momentum. Especially the pandemic makes people widely use online education, online shopping and watch short videos and live streaming and it will further promote the booming development of Internet sector companies, which are expected to bring the Group's business more opportunities for rapid growth and will improve the financial results of the Group for the coming years;
- (ii) given that (a) the contact service centre industry in the PRC has experienced growth in the recent years due to the continued economic growth in the PRC as a whole, especially the rapid development of the financial, telecom, internet-based services industries; and (b) more and more client companies prefer to make use of customer service outsourcing solutions due to their cost-effectiveness and scalability, we consider the growth potential and prospect in the contact service centre industry in the PRC to be positive in the near future;
- (iii) the Share price generally closed above the Offer Price (i.e. 502 trading days, accounting for approximately 99.4% of a total of 505 trading days) during the Review Period;
- (iv) the Offer Price represents a deep discount of approximately 86.72% to the audited net asset value per Share of approximately HK\$0.229 as at 31 March 2023;

## LETTER FROM RAINBOW CAPITAL

- (v) the discounts of the Offer Price to the closing prices of the Shares for the various periods in the 360 trading days before the Last Trading Day are generally significant, in the range of approximately 5.00% to 85.24%;
- (vi) since the publication of the Rule 3.7 Announcement and up to the Latest Practicable Date, the closing price of the Shares rebounded but soon resumed an overall downward trend up to the Latest Practicable Date, which closed at HK\$0.042 per Share. Nonetheless, trading in the Shares was generally inactive during the Review Period. Regarding this, please refer to our recommendation below with respect to acceptance of the Offer and also the disposal of the Shares in the open market; and
- (vii) both of the Implied P/B and the Implied P/S are significantly lower than those of the Comparable Company.

### OPINION AND RECOMMENDATION

Based on the above principal factors and reasons, we consider the Offer to be not fair and reasonable so far as the Offer Shareholders are concerned. Accordingly, we recommend the Independent Board Committee to recommend, and we ourselves recommend, the Offer Shareholders to not accept the Offer.

For those Offer Shareholders who intend to accept the Offer, we would remind them to closely monitor the market price and liquidity of the Shares during the Offer Period, and having regard to their own circumstances, consider selling the Shares in the open market, instead of accepting the Offer, if the net proceeds from the ultimate sale of such Shares would be higher than that receivable under the Offer.

As such, for those Offer Shareholders who intend to dispose of large blocks of Shares in the open market, we would also remind them of the possible difficulty in disposing of their Shares in the open market without creating downward pressure on the market prices of the Shares as a result of the thin trading in the Shares.

Yours faithfully,  
For and on behalf of  
**Rainbow Capital (HK) Limited**  
**Larry Choi**  
*Managing Director*

*Mr. Larry Choi is a licensed person and a responsible officer of Rainbow Capital (HK) Limited registered with the Securities and Futures Commission to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO. He has over 10 years of experience in the corporate finance industry.*

## 1. PROCEDURES FOR ACCEPTANCE OF THE OFFER

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

### 1.1 The Offer

- (a) If the 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 your Shares is/are in your name, and you wish to accept the Offer in respect of your Shares, you must send the Form of Acceptance duly completed and signed together with the relevant 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) in respect of the number of Shares for which you intend to accept the Offer, by post or by hand, to the Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, marked “**Kingwisoft Technology — Share Offer**” on the envelope, as soon as possible 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 in accordance with the Takeovers Code.
- (b) If the 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 your Shares is/are in the name of a nominee company or a name other than your own, and you wish to accept the Offer whether in full or in part of your Shares, you must either:
  - (i) lodge your 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 number of Shares for which you intend to accept the Offer with the nominee company, or other nominee, with instructions authorising it to accept the Offer on your behalf and requesting it to deliver in an envelope marked “**Kingwisoft Technology — Share Offer**” the duly completed and signed Form of Acceptance together with the relevant 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 number of Shares for which you intend to accept the Offer to the Registrar; or
  - (ii) arrange for the Shares to be registered in your name by the Company through the Registrar, and deliver in an envelope marked “**Kingwisoft Technology — Share Offer**” the duly completed and signed Form of Acceptance together with the relevant 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 number of Shares for which you intend to accept the Offer to the Registrar; or

- (iii) if your Shares have been lodged with your licensed securities dealer/registered institution in securities/custodian bank through CCASS, instruct your licensed securities dealer/registered institution in securities/custodian bank to authorise HKSCC Nominees Limited to accept the Offer on your behalf on or before the deadline set by HKSCC Nominees Limited. In order to meet the deadline set by HKSCC Nominees Limited, you should check with your licensed securities dealer/registered institution in securities/custodian bank for the timing on the processing of your instruction, and submit your instruction to your licensed securities dealer/registered institution in securities/custodian bank as required by them; or
  - (iv) if your Shares have been lodged with your investor participant's account maintained with CCASS, authorize your instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set by HKSCC Nominees Limited.
- (c) If the share certificate(s) and/or transfer receipts and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are not readily available and/or is/are lost, as the case may be, and you wish to accept the Offer in respect of your Shares, the Form of Acceptance should nevertheless be duly completed, signed and delivered in an envelope marked “**Kingwisoft Technology — Share Offer**” to the Registrar together with a letter stating that you have lost one or more of your share certificate(s) and/or transfer receipts and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares or that it/they is/are not readily available. If you find such document(s) or if it/they become(s) available, the relevant 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 your Shares should be forwarded to the Registrar as soon as possible thereafter. If you have lost your share certificate(s), you should also write to the Registrar for a letter of indemnity which, when completed in accordance with the instructions given, should be returned to the Registrar.
- (d) If you have lodged transfer(s) of any of your Shares for registration in your name and have not yet received your share certificate(s), and you wish to accept the Offer in respect of your Shares, you should nevertheless complete and sign the Form of Acceptance and deliver it in an envelope marked “**Kingwisoft Technology — Share Offer**” to the Registrar together with the transfer receipt(s) duly signed by

yourself. Such action will be deemed to be an irrevocable instruction and authority to Opus Securities and/or the Offeror and/or any of their respective agent(s) to collect from the Company or the Registrar on your behalf the relevant share certificate(s) when issued and to deliver such certificate(s) to the Registrar on your behalf and to authorise and instruct the Registrar to hold such share certificate(s), subject to the terms and conditions of the Offer, as if it was/they were delivered to the Registrar with the Form of Acceptance.

- (e) Acceptance of the Offer will be treated as valid only if the duly completed and signed Form of Acceptance is received by the Registrar by no later than 4:00 p.m. on the Closing Date, or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code, and the Registrar has recorded that the Form of Acceptance and any relevant documents required have been so received, and is:
- (i) accompanied by the relevant 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 number of Shares for which you intend to accept the Offer and, if that/those Share certificate(s) is/are not in your name, such other documents (e.g. a duly stamped transfer of the relevant Share(s) in blank or in your favour executed by the registered holder) in order to establish your right to become the registered holder of the relevant Shares; or
  - (ii) from a registered Offer Shareholder or his/her/its personal representative (but only up to the amount of the registered holding and only to the extent that the acceptance relates to the Shares which are not taken into account under the other sub-paragraph of this paragraph (e)); or
  - (iii) certified by the Registrar or the Stock Exchange.
- (f) If the Form of Acceptance is executed by a person other than the registered Offer Shareholder, appropriate documentary evidence of authority (such as grant of probate or certified copy of power of attorney) to the satisfaction of the Registrar must be produced.
- (g) In Hong Kong, seller's ad valorem stamp duty for transfer of Shares registered in the seller's name by the Company through the Registrar arising in connection with acceptance of the Offer will be payable by relevant Offer Shareholders at a rate of 0.13% of the market value of the Offer 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 by the Offeror to the relevant Offer Shareholder on acceptance of the Offer (where the amount of stamp duty is a fraction of a dollar, the stamp duty will be rounded up to the nearest dollar). The

Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of accepting Offer Shareholders and will pay the buyer's ad valorem stamp duty in connection with the acceptance of the Offer and the transfer of the Offer Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

- (h) 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) will be given.

## **2. SETTLEMENT OF THE OFFER**

Provided that valid Form of Acceptance for the Shares, together with the relevant 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) are valid, complete and in good order and have been received by the Registrar no later than 4:00 p.m. on the Closing Date, or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code, a cheque for the amount due to each of the accepting Offer Shareholder in respect of the Shares tendered under the Offer, less the seller's ad valorem stamp duty payable by him/her/it, will be despatched to the accepting Offer Shareholder(s) by ordinary post at his/her/its own risk as soon as possible but in any event within seven (7) Business Days following the date on which all the relevant documents are received to render such acceptance complete and valid by the Registrar in accordance with the Takeovers Code.

Settlement of the consideration to which any accepting Offer Shareholder is entitled under the Offer will be paid in full in accordance with the terms of the Offer (save with respect to the payment of seller's Hong Kong ad valorem stamp duty) without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such Offer Shareholder.

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

## **3. ACCEPTANCE PERIOD AND REVISIONS**

- (a) Unless the Offer has previously been revised or extended, with the consent of the Executive, in accordance with the Takeovers Code, the Form of Acceptance must be received by the Registrar no later than 4:00 p.m. on the Closing Date in accordance with the instructions printed on the Form of Acceptance, and the Offer will be closed on the Closing Date.

- (b) The Offeror and the Company will jointly issue an announcement through the websites of the Stock Exchange and the Company no later than 7:00 p.m. on the Closing Date stating the results of the Offer and whether the Offer has been extended, revised or has expired.
- (c) The Offeror reserves the right to revise the terms of the Offer after the despatch of this Composite Document until such day as it may determine and in accordance with the Takeovers Code. If the Offeror revises the terms of the Offer, all the Offer Shareholders, whether or not they have already accepted the Offer, will be entitled to accept the revised Offer under the revised terms.
- (d) If the Closing Date is extended, any reference in this Composite Document and in the Form(s) of Acceptance to the Closing Date shall, except where the context otherwise requires, be deemed to refer to the subsequent Closing Date of the Offer so extended.
- (e) In the event that the Offeror decides to extend the Offer, at least 14 days' notice by way of announcement will be given, before the latest time and date for acceptance of the Offer, to those Offer Shareholders who have not accepted the Offer.

#### **4. NOMINEE REGISTRATION**

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

#### **5. ANNOUNCEMENTS**

- (a) As required under Rule 19 of the Takeovers Code, by 6:00 p.m. on the Closing Date (or such later time and/or date as the Executive may in exceptional circumstances permit), the Offeror must inform the Executive and the Stock Exchange of its decision in relation to the expiry, revision or extension of the Offer. The Offeror must post an announcement on the Stock Exchange's website by 7:00 p.m. on the Closing Date stating the results of the Offer and whether the Offer have been revised, extended or has expired. Such announcement must state the following:

The announcement must state:

- (i) the total number of Shares and rights over Shares for which acceptances of the Offer have been received;
- (ii) the total number of Shares and rights over Shares held, controlled or directed by the Offeror and the Offeror Concert Party Group before the Offer Period;



- (iii) the total number of Shares and rights over Shares acquired or agreed to be acquired by the Offeror and the Offeror Concert Party Group during the Offer Period; and
- (iv) details of any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror and the Offeror Concert Party Group has borrowed or lent, save for any borrowed Shares which have been either on-lent or sold.

The announcement must also include details of any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror, and the Offeror Concert Party Group has borrowed or lent (save for any borrowed Shares which have been either on-lent or sold) and specify the percentages of the issued share capital of the Company and the percentages of voting rights of the Company represented by these numbers.

- (b) In computing the total number of Shares represented by acceptances, only valid acceptances that are complete, in good order and fulfill the acceptance conditions set out in this Appendix I, and which have been received by the Registrar by no later than 4:00 p.m. on the Closing Date, being the latest time and date for acceptance of the Offer, unless the Offer is extended or revised with the consent of the Executive, shall be included.
- (c) If the Offeror, the parties acting in concert with him or his advisers make any statement about the level of acceptances or the number or percentage of accepting Offer Shareholders during the Offer Period, then the Offeror must make an immediate announcement in compliance with Note 2 to Rule 19 of the Takeovers Code.
- (d) As required under the Takeovers Code, all announcements in respect of the Offer must be made in accordance with the requirements of the Takeovers Code and the GEM Listing Rules.
- (e) As required under the Takeovers Code and the GEM Listing Rules, any announcement in relation to the Offer, in respect of which the Executive and the Stock Exchange have confirmed that they have no further comments, will be published on the website of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk)) and the website of the Company (<http://www.kwtech-group.com>).

## **6. RIGHT OF WITHDRAWAL**

- (a) Acceptance of the Offer tendered by any Offer Shareholder shall be irrevocable and cannot be withdrawn, except in the circumstances set out below.

- (b) If the Offeror is unable to comply with the requirements set out in the paragraph headed “5. Announcements” above, the Executive may require pursuant to Rule 19.2 of the Takeovers Code that the Offer Shareholders who have tendered acceptances to the Offer be granted a right of withdrawal on terms that are acceptable to the Executive until the requirements of Rule 19 of the Takeovers Code can be met.

In such case, if the Offer Shareholders withdraw their acceptances, the Offeror and Registrar shall, as soon as possible but in any event within 7 Business Days thereof, return by ordinary post the share certificate(s), warrant 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) in respect of the Shares lodged with the Form(s) of Acceptance to the relevant Offer Shareholders.

## **7. OVERSEAS SHAREHOLDERS**

The making of the Offer to the Overseas Shareholders may be prohibited or affected by the laws of the relevant jurisdictions in which they are resident. Overseas Shareholders should obtain appropriate legal advice regarding the implications of the Offer in the relevant jurisdictions or keep themselves informed about and observe any applicable legal or regulatory requirements. It is the responsibility of Overseas Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of all relevant jurisdictions in connection with the acceptance of the Offer (including but not limited to the obtaining of any governmental, exchange control or other consents and any registration or filing which may be required and the compliance with all other necessary formalities, regulatory and/or legal requirements and the payment of any transfer or other taxes due from the accepting Overseas Shareholders).

Acceptance of the Offer by any Overseas Shareholders will be deemed to constitute a warranty by such person that such person has observed and is permitted under all applicable laws and regulations to receive and accept the Offer, and any revision thereof, and that he/she/it has obtained any requisite governmental, exchange control or other consents, complied with all other necessary formalities or legal requirements and paid any issue, transfer or other taxes or other required payments due from him/her/it in connection with such acceptance in any territory, and such acceptance shall be valid and binding in accordance with all applicable laws and regulations. Any such person is recommended to seek professional advice on deciding whether or not to accept the Offer.

The Offeror reserves the right to notify any matter, including the making of the Offer to the Overseas Shareholders having a registered address outside of Hong Kong by announcement or by advertisement in a newspaper which may or may not be circulated in the jurisdictions in which such persons are resident. The notice so given will be deemed to have been sufficiently given, despite any failure by such Overseas Shareholders to receive or see that notice.

## 8. TAX IMPLICATIONS

The Offer 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 members of the Offeror Concert Party Group, the Company, Opus Securities, Opus Capital, Rainbow Capital, the Registrar nor their respective ultimate beneficial owners, directors, officers, advisers, agents or associates, as applicable, 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.

## 9. GENERAL

- (a) All communications, notices, Form(s) of Acceptance, share certificates, warrants certificates, transfer receipts, other documents 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 Offer Shareholders will be delivered by or sent to or from them, or their designated agents by post at their own risk, and the Offeror Concert Party Group, the Company, Opus Securities, Opus Capital, Rainbow Capital, the Registrar, the company secretary of the Company, any of their respective ultimate beneficial owners, directors, officers, agents, professional advisers and other parties involved in the Offer do not accept any liability for any loss or delay in postage or any other liabilities that may arise as a result thereof.
- (b) The provisions set out in the Form(s) of Acceptance form part of the terms of the Offer.
- (c) The accidental omission to despatch this Composite Document and/or Form(s) of Acceptance or any of them to any person to whom the Offer is made will not invalidate the Offer in any way.
- (d) The Offer is, and all acceptances will be, governed by and construed in accordance with the laws of Hong Kong.
- (e) Due execution of the Form(s) of Acceptance will constitute an irrevocable authority to the Offeror and/or Opus Securities or such person or persons as the Offeror may direct to complete and execute any document on behalf of the person or persons accepting the Offer and to do any other act that may be necessary or expedient for the purposes of vesting in the Offeror, or such person or persons as it may direct, the Shares in respect of which such person or persons has/have accepted the Offer.
- (f) Acceptance of the Offer by any person or persons will be deemed to constitute a warranty by such person or persons to the Offeror and the Company that the Shares under the Offer are free from all Encumbrances whatsoever and together with all

rights accruing or attaching thereto including the rights to receive in full all dividends and distributions recommended, declared, made or paid on or after the date on which the Offer is made.

- (g) References to the Offer in this Composite Document and the Form(s) of Acceptance shall include any revision and/or extension thereof.
- (h) Acceptances of the Offer by any persons will be deemed to constitute a warranty by such persons that such persons are permitted under all applicable laws and regulations to receive and accept the Offer, and any revision thereof, and such acceptances shall be valid and binding in accordance with all applicable laws and regulations. Any such persons will be responsible for any such issue, transfer and other applicable taxes or other governmental payments payable by such persons.
- (i) Subject to the Takeovers Code, the Offeror reserves the right to notify any matter (including the making of the Offer) to all or any Offer Shareholders and with registered address(es) outside Hong Kong or whom the Offeror or Opus Securities, knows to be nominees, trustees or custodians for such persons by announcement in which case such notice shall be deemed to have been sufficiently given notwithstanding any failure by any such Offer Shareholders to receive or see such notice, and all references in this Composite Document to notice in writing shall be construed accordingly.
- (j) In making their decision, the Offer Shareholders must rely on their own examination of the Offeror, the Group and the terms of the Offer, including the merits and risks involved. The contents of this Composite Document, including any general advice or recommendation contained herein, together with the Form(s) of Acceptance, shall not be construed as any legal or business advice on the part of the Offeror Concert Party Group, the Company or its ultimate beneficial owners, directors, officers, agents, professional advisers or any other persons involved in the Offer. The Offer Shareholders should consult their own professional advisers for professional advices.
- (k) All acceptances, instructions, authorities and undertakings given by the Offer Shareholders in the Form(s) of Acceptance shall be irrevocable except as permitted under the Takeovers Code.
- (l) The English texts of this Composite Document and the Form(s) of Acceptance shall prevail over their respective Chinese texts for the purpose of interpretation in case of inconsistency.

## 1. SUMMARY OF FINANCIAL INFORMATION

The following is a summary of financial information for each of the three financial years ended 31 March 2021, 2022 and 2023 (as extracted from the annual reports of the Company) and for the three months ended 30 June 2023 (as extracted from the quarterly report of the Company).

	For the year ended 31 March			For the three months ended
	2021	2022	2023	30 June
	RMB'000	RMB'000	RMB'000	RMB'000
	(Audited)	(Audited)	(Audited)	(Unaudited)
	(Restated)	(Restated)		
<b>CONTINUING OPERATIONS</b>				
REVENUE	264,368	734,021	888,622	271,656
Cost of services	<u>(181,207)</u>	<u>(546,947)</u>	<u>(767,384)</u>	<u>(242,528)</u>
Gross profit	83,161	187,074	121,238	29,128
Other income and gains	35,090	31,655	160,801	19,484
Marketing expenses	(2,624)	(9,235)	(5,876)	(2,193)
Research and development expenses	(7,196)	(28,114)	(36,394)	(9,483)
Administrative expenses	(60,366)	(87,654)	(85,681)	(21,726)
Impairment loss of goodwill	—	—	(349,385)	—
Impairment losses on financial assets, net	(313)	(12,542)	(17,293)	—
Gain on recovery of accounts receivables written-off	—	5,980	1,497	—
Gain on derecognition of financial assets measured at amortised cost	—	13,936	—	—
Other expenses and losses	—	—	(380)	—
Finance costs	(6,413)	(17,067)	(25,471)	(5,719)
Share of loss of an associate	<u>—</u>	<u>(17)</u>	<u>(12)</u>	<u>—</u>
<b>PROFIT/(LOSS) BEFORE TAX</b>	<b>41,339</b>	<b>84,016</b>	<b>(236,956)</b>	<b>9,491</b>
Income tax credit/(expense)	<u>(10,648)</u>	<u>(12,886)</u>	<u>942</u>	<u>2,636</u>
<b>PROFIT/(LOSS) FOR THE YEAR/PERIOD FROM CONTINUING OPERATIONS</b>	<b><u>30,691</u></b>	<b><u>71,130</u></b>	<b><u>(236,014)</u></b>	<b><u>12,127</u></b>
<b>DISCONTINUED OPERATIONS</b>				
Profit/(loss) for the year/period from discontinued operations	<u>(3,815)</u>	<u>5,825</u>	<u>—</u>	<u>—</u>
<b>PROFIT/(LOSS) FOR THE YEAR/PERIOD</b>	<b><u>26,876</u></b>	<b><u>76,955</u></b>	<b><u>(236,014)</u></b>	<b><u>12,127</u></b>
<b>OTHER COMPREHENSIVE INCOME/(LOSS)</b>				
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:				
Exchange differences on translation of subsidiaries not established in Mainland China	(37,719)	(5,143)	3,636	585
Reclassification of translation reserve upon disposal of subsidiaries not established in Mainland China	—	(5,265)	—	—
Reclassification of translation reserve upon deregistration of a subsidiary	<u>—</u>	<u>1,259</u>	<u>—</u>	<u>(122)</u>
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods	<u>(37,719)</u>	<u>(9,149)</u>	<u>3,636</u>	<u>463</u>

**APPENDIX II**
**FINANCIAL INFORMATION OF THE GROUP**

	For the year ended 31 March			For the three months ended
	2021	2022	2023	30 June 2023
	RMB'000	RMB'000	RMB'000	RMB'000
	(Audited)	(Audited)	(Audited)	(Unaudited)
	(Restated)	(Restated)		
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods: Fair value loss on equity investments designated at fair value through other comprehensive income	(3,235)	—	(15,264)	—
Net other comprehensive loss that will not be reclassified to profit or loss in subsequent periods	(3,235)	—	(15,264)	—
OTHER COMPREHENSIVE INCOME/LOSS FOR THE YEAR/PERIOD, NET OF TAX	(40,954)	(9,149)	(11,628)	463
<b>TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR/PERIOD</b>	<b>(14,078)</b>	<b>67,806</b>	<b>(247,642)</b>	<b>12,590</b>
<b>Profit/(loss) for the year/period attributable to:</b>				
<b>Owners of the Company</b>				
from continuing operations	29,968	74,525	(230,136)	11,487
from discontinued operations	(3,815)	5,825	—	—
	26,153	80,350	(230,136)	11,487
<b>Non-controlling interests</b>				
from continuing operations	723	(3,395)	(5,878)	640
	<b>26,876</b>	<b>76,955</b>	<b>(236,014)</b>	<b>12,127</b>
<b>Total comprehensive income/(loss) for the year/period attributable to:</b>				
<b>Owners of the Company</b>				
from continuing operations	14,431	68,596	(241,764)	11,950
from discontinued operations	(29,232)	2,605	—	—
	(14,801)	71,201	(241,764)	11,950
<b>Non-controlling interests</b>				
from continuing operations	723	(3,395)	(5,878)	640
	<b>(14,078)</b>	<b>67,806</b>	<b>(247,642)</b>	<b>12,590</b>
<b>EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY</b>				
Basic and diluted (RMB cents)				
for profit/(loss) for the year/period from continuing operations	0.78	1.78	(5.03)	0.24
for profit for the year/period from discontinued operations	(0.10)	0.14	—	—
for profit/(loss) for the year/period	<b>0.68</b>	<b>1.92</b>	<b>(5.03)</b>	<b>0.24</b>

No dividend was paid or proposed by the Company during each of the three (3) years ended 31 March 2021, 2022 and 2023, and the three months ended 30 June 2023.

The consolidated financial statements of the Group for each of the year ended 31 March 2021 and 2022 were audited by BDO Limited, and the consolidated financial statements of the Group for the year ended 31 March 2023 was audited by Ernst & Young. The consolidated financial statements of the Group for the years ended 31 March 2021, 2022 and 2023 did not contain any qualified or modified opinion, nor any emphasis of matter or material uncertainty related to going concern. Save as disclosed above, there were no items of any income or expense which are material in respect of the consolidated financial results of the Company for each of the three years ended 31 March 2021, 2022 and 2023, and the three months ended 30 June 2023.

## 2. CONSOLIDATED FINANCIAL INFORMATION

The Company is required to set out or refer to in this Composite Document the consolidated statement of financial position, consolidated statement of cash flows and any other primary statement as shown in the last published audited accounts, together with the notes to the relevant published financial statements which are of major relevance to the appreciation of the above financial information.

The unaudited consolidated financial statements of the Group for the three months ended 30 June 2023 has been set out on pages 3 to 14 of the quarterly report of the Company for the three months ended 30 June 2023 which was posted on 10 August 2023 on the Stock Exchange's website (<http://www.hkexnews.hk>).

Please also see below a quick link to the quarterly report of the Company for the three months ended 30 June 2023:

<https://www1.hkexnews.hk/listedco/listconews/gem/2023/0810/2023081000389.pdf>

The audited consolidated financial statements of the Group for the year ended 31 March 2023 has been set out on pages 90 to 226 of the annual report of the Company for the year ended 31 March 2023 which was posted on 29 June 2023 on the Stock Exchange's website (<http://www.hkexnews.hk>).

Please also see below a quick link to the annual report of the Company for the year ended 31 March 2023:

<https://www1.hkexnews.hk/listedco/listconews/gem/2023/0629/2023062900456.pdf>

The audited consolidated financial statements of the Group for the year ended 31 March 2022 has been set out on pages 90 to 214 of the annual report of the Company for the year ended 31 March 2022 which was posted on 29 June 2022 on the Stock Exchange's website (<http://www.hkexnews.hk>).

Please also see below a quick link to the annual report of the Company for the year ended 31 March 2022:

<https://www1.hkexnews.hk/listedco/listconews/gem/2022/0629/2022062900854.pdf>

The audited consolidated financial statements of the Group for the year ended 31 March 2021 has been set out on pages 97 to 223 of the annual report of the Company for the year ended 31 March 2022 which was posted on 29 June 2021 on the Stock Exchange's website (<http://www.hkexnews.hk>).

Please also see below a quick link to the annual report of the Company for the year ended 31 March 2021:

<https://www1.hkexnews.hk/listedco/listconews/gem/2021/0629/2021062900592.pdf>

### 3. INDEBTEDNESS

As at the close of business on 31 July 2023, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of the Composite Document, the indebtedness of the Group was shown as follows:

#### (1) Interest-bearing bank and other borrowings, lease liabilities and consideration payables

The interest-bearing bank and other borrowings, lease liabilities and consideration payables as at 31 July 2023 were as follows:

	<b>As at 31 July 2023 RMB'000</b>
<b>Current</b>	
Interest-bearing bank borrowings — secured	67,250
Lease liabilities — unsecured	27,301
Consideration payables — unsecured	<u>5,396</u>
	<u>99,947</u>
<b>Non-current</b>	
Interest-bearing other borrowings — unsecured	182,596
Lease liabilities — unsecured	26,840
Consideration payables — unsecured	<u>—</u>
	<u>209,436</u>
<b>Total</b>	<u><u>309,383</u></u>



**(2) Contingent liabilities**

As at 31 July 2023, the Group did not have any material contingent liabilities.

**(3) Financial guarantees**

As at 31 July 2023, the Group did not have any financial guarantees.

Save as disclosed above, and apart from intra-group liabilities and normal trade payables in the normal course of business, as at the close of business on 31 July 2023, the Group did not have any other loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptable credits, debentures, mortgages, charges, finance lease commitments, guarantees or other material contingent liabilities.

**4. MATERIAL CHANGE**

The Directors confirm that, save as disclosed below, there had been no material change in the financial or trading position or outlook of the Group since 31 March 2023, the date to which the latest published audited consolidated financial statements of the Company were made up, up to and including the Latest Practicable Date:

- (1) as disclosed in the first quarterly report (the “**2023 First Quarter Report**”) of the Company for the three months ended 30 June 2023 (“**2023Q1**”), the Group recorded a decrease in profit attributable to the Shareholders from approximately RMB12.5 million for the three months ended 30 June 2022 (“**2022Q1**”) to approximately RMB11.5 million for 2023Q1, primarily attributable to the net effect of the following:
  - (a) the increase in revenue by approximately 42.9% from approximately RMB190.0 million for 2022Q1 to approximately RMB271.7 million for 2023Q1, which was mainly driven by the increase in revenue generated from back-office services. The Group’s back-office services have been resuming steadily with further consolidated leading position in advantageous fields such as the Internet and telecommunications operations;
  - (b) the decrease in gross profit by approximately RMB8.8 million mainly attributable to the increase in staff costs, subcontracting fees, rental expenses, depreciation and amortisation;
  - (c) the increase in net other income by approximately RMB16.7 million mainly attributable to the increase in exchange gain and government grants and subsidies as compared to those of the corresponding period in 2022;
  - (d) the increase in research and development expenses by approximately RMB2.7 million mainly due to the increase in staff costs; and

- (e) the increase in administrative expenses by approximately RMB5.2 million mainly attributable to the general increase in expenses;
- (2) as disclosed in the announcements of the Company dated 16 April 2023 and 26 June 2023, based on the audited consolidated financial statements of KingNine, being the target company acquired by the Company in September 2020 pursuant to a share purchase deed, for the financial year ended 31 March 2023 (“**FY2023**”), due to factors such as COVID-19, the consolidated net profit attributable to the equity holders of KingNine in accordance with HKFRS amounted to approximately RMB94.8 million, which is less than RMB150 million, being the amount of guaranteed profit for FY2023 under the share purchase deed. As such, the total amount of compensation to be paid by the seller to the Company amounted to approximately RMB41.5 million, which shall be set off in full against the total sum of the tranche IV cash consideration to be paid by the Company to the seller pursuant to the share purchase deed; and
- (3) as disclosed in the announcements of the Company dated 8 March 2023 and 24 April 2023, on 6 March 2023, Zhongzhi Xinzhuo, being the vendor and a potential purchaser entered into a memorandum of understanding (“**MOU**”) regarding the possible sale of the shares of the Company held by Zhongzhi Xinzhuo to the potential purchaser (the “**Possible Transaction**”). As Zhongzhi Xinzhuo and the potential purchaser were unable to reach an agreement on the terms of the Possible Transaction, they have decided to terminate the MOU on 24 April 2023 and not to proceed further with the Possible Transaction.

## 1. RESPONSIBILITY STATEMENT

The Composite Document includes particulars given in compliance with the GEM Listing Rules and the Takeovers Code for the purpose of giving information with regard to the Company and the Offeror.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Composite Document (other than any information relating to the Offeror and its concert parties) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Composite Document (other than those expressed by the sole director of the Offeror) have been arrived at after due and careful consideration and there are no other facts not contained in the Composite Document, the omission of which would make any statements in the Composite Document misleading.

## 2. SHARE CAPITAL OF THE COMPANY

### (a) Authorised Share Capital

As at the Latest Practicable Date, the authorised share capital of the Company is HK\$100,000,000 divided into 10,000,000,000 ordinary shares with par value of HK\$0.01 each.

### (b) Issued Shares

As at the Latest Practicable Date, the total number of issued shares of the Company were as follows:

#### *Issued and fully paid-up Shares*

4,776,019,590 Shares

All the Shares currently in issue rank pari passu in all respects with each other, including, in particular, as to rights in respect of capital and dividends and voting.

As at the Latest Practicable Date, no new Shares had been issued by the Company since 31 March 2023 (being the date to which its latest published audited financial statements were prepared).

As at the Latest Practicable Date, there were no outstanding warrants or options or other securities carrying rights of conversion into or exchange or subscription for the Shares or derivatives issued by the Company.

**(c) Listing**

The Shares are listed and traded on GEM of the Stock Exchange. No part of the Shares is listed or dealt in, nor is any listing of or permission to deal in the Shares being or proposed to be sought on any other stock exchange.

**3. MARKET PRICES**

The table below shows the closing market prices of the Shares as quoted on the Stock Exchange (i) on the Latest Practicable Date; (ii) on the last trading day immediately preceding the date of the Joint Announcement (i.e. 25 August 2023); (iii) on the Last Trading Day (i.e. 25 July 2023); and (iv) at the end of each calendar month during the Relevant Period:

<b>Date</b>	<b>Closing price per Share HK\$</b>
31 January 2023	0.166
28 February 2023	0.131
31 March 2023	0.113
30 April 2023	0.090
31 May 2023	0.050
30 June 2023	0.034
25 July 2023 (the Last Trading Day)	0.030
31 July 2023	0.087
25 August 2023 (the last trading day immediately preceding the date of the Joint Announcement)	0.053
31 August 2023	0.044
29 September 2023 (the Latest Practicable Date)	0.042

During the Relevant Period, the highest closing price of Shares as quoted on the Stock Exchange was HK\$0.180 per Share on 26 January 2023, and the lowest closing price of Shares as quoted on the Stock Exchange was HK\$0.028 per Share on 24 July 2023.

**4. DISCLOSURE OF INTERESTS****(a) Directors**

As at the Latest Practicable Date, none of the Directors and their respective associates nor the chief executive of the Company had or was deemed to have any interests and short positions in the Shares, underlying Shares or debentures of the Company and/or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were deemed or taken to have under the provisions of the

SFO); (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors to be notified to the Company and the Stock Exchange; or (d) to be disclosed in the Composite Document pursuant to the Takeovers Code.

**(b) Substantial shareholders**

As at the Latest Practicable Date, substantial shareholders (not being the Directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO were as follows:

Name of shareholder	Capacity	Number of shares held	Approximate percentage of shareholding in the Company
Zhongzhi Xinzhuo ( <i>Note 1</i> )	Beneficial owner	2,409,823,718	50.46%
Kang Bang (HK) ( <i>Note 1</i> )	Beneficial owner	455,820,525	9.54%
Tian Xi Capital ( <i>Note 1</i> )	Interest of controlled corporation	2,865,644,243	60.00%
Ze Yun Capital ( <i>Note 1</i> )	Interest of controlled corporation	2,865,644,243	60.00%
Mr. Xie ( <i>Note 1</i> ) <sup>#</sup>	Interest of controlled corporation	2,865,644,243	60.00%
Gfly Ltd ( <i>Note 2</i> )	Beneficial owner	437,500,000	9.16%
LVYY Cayman Limited ( <i>Note 2</i> )	Interest of controlled corporation	437,500,000	9.16%
LVYY Holding Limited ( <i>Note 2</i> )	Interest of controlled corporation	437,500,000	9.16%
Mr. Lyu Wenyang ( <i>Note 2</i> )	Interest of controlled corporation	437,500,000	9.16%

Name of shareholder	Capacity	Number of shares held	Approximate percentage of shareholding in the Company
Offeror ( <i>Note 3</i> )	Beneficial Owner	211,970,219	4.44%
Mr. Hu ( <i>Note 3</i> )	Interest of controlled corporation	211,970,219	4.44%
Ms. Liu ( <i>Note 3</i> )	Interest of controlled corporation	211,970,219	4.44%

# Mr. Xie passed away on 18 December 2021.

*Notes:*

- Each of Zhongzhi Xinzhuo and Kang Bang (HK) is a wholly-owned subsidiary of Tian Xi Capital. Ze Yun Capital, a company wholly-owned by Mr. Xie, controls 100% of the voting power at general meetings of Tian Xi Capital. As such, each of Tian Xi Capital, Ze Yun Capital and Mr. Xie is deemed to be interested in an aggregate of 2,865,644,243 shares of the Company held by Zhongzhi Xinzhuo and Kang Bang (HK) by virtue of the SFO.
- Gfly Ltd is a wholly-owned subsidiary of LVYY Cayman Limited. LVYY Cayman Limited is a wholly-owned subsidiary of LVYY Holding Limited, a company wholly-owned by Mr. Lyu Wenyang. As such, each of LVYY Cayman Limited, LVYY Holding Limited and Mr. Lyu Wenyang is deemed to be interested in 437,500,000 shares of the Company held by Gfly Ltd by virtue of the SFO.
- NINEGO is held by Mr. Hu as to 40.60% and Ms. Liu as to 59.40%. As such, Mr. Hu and Ms. Liu are deemed to be interested in 211,970,219 shares of the Company held by NINEGO by virtue of the SFO.

**(c) Interest in the Offeror**

As at the Latest Practicable Date, none of the Company nor any of its Directors had any interest in the shares of the Offeror or convertible securities, warrants, options or derivatives in respect of the shares of the Offeror.

**(d) Additional disclosure of interests in the Company and arrangement in connection with the Offer**

As at the Latest Practicable Date,

- the Directors did not have any interest in the Shares, derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into the Shares;

- (ii) the Directors did not have any beneficial shareholdings in the Company which would entitle them to accept or reject the Offer;
- (iii) none of the subsidiaries of the Company, pension funds of the Company or any of its subsidiaries or any person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of acting in concert or who is an associate of the Company by virtue of class (2) of the definition of associate under the Takeovers Code but excluding exempt principal traders and exempt fund managers, owned or controlled any Shares or any other convertible securities, warrants, options or derivatives in respect of the Shares;
- (iv) there was no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code between any person and the Company or with any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) and (5) of the definition of acting in concert or who is an associate of the Company by virtue of classes (2), (3) and (4) of the definition of associate under the Takeovers Code;
- (v) no Shares or any other convertible securities, warrants, options or derivatives in respect of the Shares were managed on a discretionary basis by fund managers (other than exempt fund managers) connected with the Company; and
- (vi) none of the Company or any Directors had borrowed or lent any Shares or any other convertible securities, warrants, options or derivatives in respect of the Shares.

## 5. DEALINGS IN SHARES

During the Relevant Period,

- (a) none of the Directors had dealt for value in any Shares, convertible securities, warrants, options, or derivatives in respect of any Shares;
- (b) none of the subsidiaries of the Company, pension funds of the Company or any of its subsidiaries or any person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of acting in concert or who is an associate of the Company by virtue of class (2) of the definition of associate under the Takeovers Code but excluding exempt principal traders and exempt fund managers had dealt for value in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;

- (c) no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) and (5) of the definition of acting in concert or who is an associate of the Company by virtue of classes (2), (3) and (4) of the definition of associate, and hence no such person had dealt for value in the Shares and other relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Company; and
- (d) no fund managers connected with the Company (other than exempt fund managers) who managed funds on a discretionary basis had dealt for value in any Shares or any other convertible securities, warrants, options or derivatives in respect of any Shares.

## **6. DEALINGS IN SHARES OF THE OFFEROR**

During the Relevant Period, neither the Company, any of its subsidiaries, nor any Directors had dealt for value in any shares of the Offeror or any other convertible securities, warrants, options or derivatives or any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in respect of any shares of the Offeror.

## **7. ARRANGEMENTS AFFECTING DIRECTORS**

- (a) As at the Latest Practicable Date, no arrangement was in place for any benefit (other than statutory compensation) to be given to any Directors as compensation for loss of office or otherwise in connection with the Offer.
- (b) As at the Latest Practicable Date, there was no agreement or arrangement between any Directors and any other person which was conditional on or dependent upon the outcome of the Offer or is otherwise connected with the Offer.
- (c) As at the Latest Practicable Date, there was no material contract entered into by the Offeror in which any Director had a material personal interest.



## 8. SERVICE CONTRACTS

As at the Latest Practicable Date, the Company had entered into the following service agreements and letters of appointment with the Directors:

Name	Position	Term	Commencement Date	End Date	Amount of Remuneration	Variable Remuneration
Mr. QIU Xiaojian	Executive Director	3 years	7 February 2023	6 February 2026	Nil	Nil
Mr. LI Xiang	Executive Director	3 years	7 February 2023	6 February 2026	RMB600,000/annum	Nil
Mr. Stephen MARKSCHEID	Independent non-executive Director	3 years	18 June 2022	17 June 2025	HK\$300,000/annum	Nil
Mr. ZHANG Weidong	Independent non-executive Director	3 years	5 July 2022	4 July 2025	HK\$300,000/annum	Nil
Mr. ZENG Liang	Independent non-executive Director	3 years	30 April 2021	29 April 2024	HK\$300,000/annum	Nil
Mr. WANG Li	Independent non-executive Director	3 years	21 October 2022	20 October 2025	HK\$300,000/annum	Nil

Save as disclosed above, as at the Latest Practicable Date, none of the Directors had entered into any service contract with the Company or any of its subsidiaries or associated companies which: (i) (including both continuous and fixed term contracts) had been entered into or amended within six months before the commencement of the Offer Period; (ii) was a continuous contract with a notice period of 12 months or more; or (iii) was a fixed term contract with more than 12 months to run irrespective of the notice period.

## 9. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration of material importance and, no litigation or claims of material importance is pending or threatened by or against the Company and any of its subsidiaries.

## 10. MATERIAL CONTRACTS

Within the two years immediately preceding the commencement of the Offer Period, and up to and including the Latest Practicable Date, the following contracts, not being contracts entered into in the ordinary course of business of the Group, have been entered into by the Group and are or may be material:

- (a) the equity transfer framework agreement dated 12 May 2022 entered into between DaLian Kingwisoft and Sichuan Zhiyuan Fanglue Data Technology Group Co., Ltd.\* (四川致遠方略數據科技集團有限公司) (“**Zhiyuan Fanglue**”) in relation to the acquisition of the 40% of the equity interest in Mianyang Kingwisoft Zhiyuan Internet Service Co., Ltd.\* (綿陽金慧致遠互聯網服務有限公司) by DaLian Kingwisoft from Zhiyuan Fanglue for a consideration of RMB5,000,000, particulars of which are set out in the announcement of the Company dated 12 May 2022; and
- (b) a subscription agreement dated 15 July 2022 entered into between the Company and Gfly Ltd. (as a subscriber) and a subscription agreement dated 15 July 2022 entered into between the Company and Glink Resources Limited (as a subscriber) in relation to the subscription for an aggregate of 587,500,000 shares of the Company at a subscription price of HK\$0.4 per subscription shares of the Company, particulars of which are set out in the announcements of the Company dated 15 July 2022 and 2 August 2022.

Save as disclosed above, no contract (being the contracts not entered into in the ordinary course of business carried on or intended to be carried on by the Company or any of its subsidiaries) has been entered into by the Company or any of its subsidiaries within the date two years before the commencement of the Offer Period up to and including the Latest Practicable Date, which are material.

## 11. QUALIFICATIONS AND CONSENT OF EXPERT

The following is the name and qualifications of the expert who has given opinion or advice which is contained in the Composite Document:

<b>Name</b>	<b>Qualification</b>
Rainbow Capital (HK) Limited	a corporation licensed under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

Rainbow Capital has given and has not withdrawn its written consent to the issue of the Composite Document with the inclusion of the text of its letter and references to its name, logo and/or its qualifications in the form and context in which they respectively appear herein.

**12. DOCUMENTS ON DISPLAY**

A copy of the following documents will be available for inspection (i) on the website of the SFC (<https://www.sfc.hk>); and (ii) on the website of the Company (<https://www.kwtech-group.com/>) during the period from the date of this Composite Document up to and including the Closing Date:

- (a) the memorandum and articles of association of the Company;
- (b) the memorandum and articles of association of the Offeror;
- (c) the Voting Rights Entrustment Deed;
- (d) the annual reports of the Company for each of the financial year ended 31 March 2022 and 31 March 2023, and the quarterly report of the Company for the three months ended 30 June 2023;
- (e) the letter from Opus Securities as set out on pages 9 to 18 of this Composite Document;
- (f) the letter from the Board, the text of which is set out on pages 19 to 27 of this Composite Document;
- (g) the letter from the Independent Board Committee, the text of which is set out on pages 28 to 29 of this Composite Document;
- (h) the letter from Rainbow Capital, the text of which is set out on pages 30 to 53 of this Composite Document;
- (i) the service agreements and letters of appointment with the Directors referred to in the paragraph headed “8. Service Contracts” in this appendix;
- (j) the material contracts referred to in the paragraph headed “10. Material Contracts” in this appendix;
- (k) the written consent referred to in the paragraph headed “11. Qualifications And Consent of Expert” in this appendix;
- (l) the written consents referred to in the paragraphs headed “4. Qualifications and Consents of Experts” in Appendix IV to this Composite Document; and
- (m) this Composite Document.

**1. RESPONSIBILITY STATEMENT**

The sole director of the Offeror accepts full responsibility for the accuracy of the information contained in this Composite Document (other than that relating to the Directors, the Group and parties acting in concert with any of them) and confirms, having made all reasonable inquiries, that to the best of his knowledge, opinions expressed in this Composite Document (other than those expressed by the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statements in this Composite Document misleading.

**2. DISCLOSURE OF INTERESTS IN SECURITIES OF THE COMPANY**

The Offeror is beneficially owned by Mr. Hu as to 40.60% and Ms. Liu as to 59.40%. Mr. Hu is the sole director of the Offeror. As confirmed by Mr. Hu, Mr. Hu controlled approximately 4.44% shareholding interest in the Company held by the Offeror.

As at the Latest Practicable Date, the Offeror Concert Party Group owned or controlled an aggregate of 3,191,175,381 Shares, representing approximately 66.82% of the entire issued share capital of the Company. Save for the above, the Offeror Concert Party Group did not have any other interest in any shares, warrants, options, derivatives or securities carrying conversion of subscription rights into Shares.

As at the Latest Practicable Date, save for 3,191,175,381 Shares, none of the members of the Offeror Concert Party Group had any interest in the relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Company.

**3. DEALINGS IN SECURITIES OF THE COMPANY**

As at the Latest Practicable Date:

- (i) save as disclosed in “2. DISCLOSURE OF INTERESTS IN SECURITIES OF THE COMPANY” above, none of the Offeror, its ultimate beneficial owners or parties acting in concert with any of them owned or had control or direction over any voting rights or rights over the Shares or convertible securities, warrants, options of the Company or any derivatives in respect of such securities;
- (ii) none of the Offeror, its ultimate beneficial owners or parties acting in concert with any of them had dealt for value in any Shares, convertible securities, warrants or options of the Company or any derivatives in respect of such securities during the Relevant Period;
- (iii) save for the Voting Rights Entrustment Deed, there are no arrangements (whether by way of option, indemnity or otherwise) of any kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the shares of the Offeror or the Shares and which might be material to the Offer;

- (iv) there are no arrangements (whether by way of option, indemnity or otherwise) of any kind referred to in Note 8 to Rule 22 of the Takeovers Code by the Offeror, its ultimate beneficial owners or parties acting in concert with any of them;
- (v) there are no agreements or arrangements to which the Offeror, its ultimate beneficial owners or parties acting in concert with any of them is a party which relates to circumstances in which the Offeror may or may not invoke or seek to invoke a pre-condition or a condition to the Offer;
- (vi) none of the Offeror, its ultimate beneficial owners or parties acting in concert with any of them has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;
- (vii) none of the Offeror, its ultimate beneficial owners or parties acting in concert with any of them has received any irrevocable commitment to accept or reject the Offer, or any irrevocable undertaking by any Shareholders not to sell or transfer (or cause the same to be done) or otherwise dispose of (or permit any such action to occur in respect of) any interest in any Shares held by he/she/it/them;
- (viii) there is no other consideration, compensation or benefit in whatever form paid or to be paid by the Offeror, its ultimate beneficial owners or parties acting in concert with any of them to Zhongzhi Xinzhuo and Kang Bang (HK), their ultimate beneficial owners or parties acting in concert with any of them in connection with the Voting Rights Entrustment Deed;
- (ix) there are no agreements or arrangements in relation to outstanding derivative in respect of the securities in the Company which has been entered into by the Offeror, its ultimate beneficial owners or parties acting in concert with any of them;
- (x) save for the Voting Rights Entrustment Deed, the Share Purchase Deed and the Contractual Arrangements, there is no understanding, arrangement and agreement between the Offeror, its ultimate beneficial owners or parties acting in concert with any of them on the one hand, and Zhongzhi Xinzhuo and Kang Bang (HK), their ultimate beneficial owners or parties acting in concert with any of them on the other hand;
- (xi) there is no special deal (as defined under Rule 25 of the Takeovers Code) between the Offeror, its ultimate beneficial owners or parties acting in concert with any of them on the one hand, and Zhongzhi Xinzhuo and Kang Bang (HK), their ultimate beneficial owners or parties acting in concert with any of them on the other hand;
- (xii) save for the Share Purchase Deed and the Contractual Arrangements, there is no understanding, arrangement or agreement or special deal (as defined under Rule 25 of the Takeovers Code) between (1) any Shareholders on the one hand; and (2)(a)

the Offeror, its ultimate beneficial owners or parties acting in concert with any of them; or (b) the Company, its subsidiaries or associated companies on the other hand;

(xiii) there is no agreement, arrangement or understanding that the shares acquired in pursuance of the Offer will be transferred, charged or pledged to any other person; and

(xiv) there is no agreement, arrangement or understanding (including any compensation arrangement) exists between the Offeror, its ultimate beneficial owners or parties acting in concert with any of them and any of the directors, recent directors, shareholders or recent shareholders of the Company having any connection with or dependence upon the Offer.

#### 4. QUALIFICATIONS AND CONSENTS OF EXPERTS

The following are the names and qualifications of the experts who have given their opinion and advice which are contained in this Composite Document:

<b>Name</b>	<b>Qualification</b>
Opus Capital Limited	a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activities under the SFO
Opus Securities Limited	a corporation licensed to carry out Type 1 (dealing in securities) regulated activity under the SFO

As at the Latest Practicable Date, each of Opus Capital and Opus Securities has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion of the text of its letter, advice and/or references to its name, logo and/or its qualifications in the form and context in which it respectively appears herein.

#### 5. MISCELLANEOUS

As at the Latest Practicable Date;

- a. the Offeror is beneficially owned by Mr. Hu as to 40.60% and Ms. Liu as to 59.40% and the sole director of the Offeror is Mr. Hu. The principal members of the Offeror Concert Party Group are Mr. Hu, the Offeror, Ms. Liu, Zhongzhi Xinzhuo, Kang Bang (HK) and Ms. Zhou/FUNGHWA. The sole director of Zhongzhi Xinzhuo is Mr. Li Xiang, the sole director of Kang Bang (HK) is Mr. Li Xiang, and the sole director of FUNGHWA is Ms. Zhou.

- b. the registered office of the Offeror is Craigmuir Chambers, Road Town, Tortola, VG1110, British Virgin Islands, and its correspondence address is Floor 16, Block C, Haichuang International Building, No. 533 Huangpu Road, Gaoxin District, Dalian City, Liaoning Province, the PRC.
- c. The registered and correspondence address of Opus Capital is 18/F, Fung House, 19-20 Connaught Road Central, Central, Hong Kong.
- d. The registered and correspondence address of Opus Securities is 8/F, Fung House, 19-20 Connaught Road Central, Central, Hong Kong.
- e. the correspondence address of each of Mr. Hu and Ms. Liu is Room 11-4, No.3, Kehaiyuan, Ganjingzi District, Dalian City, Liaoning Province, the PRC.
- f. the registered and correspondence address of Zhongzhi Xinzhuo is CCS Trustees Limited, Mandar House, 3rd Floor, Johnson's Ghut, Tortola, British Virgin Islands.
- g. the registered and correspondence address of Kang Bang (HK) is Flat/Rm A, 12/F, ZJ 300, 300 Lockhart Road, Wan Chai, Hong Kong.
- h. the registered address of FUNGHWA is Craigmuir Chambers, Road Town, Tortola, VG1110, British Virgin Islands, and its correspondence address is Floor 16, Block C, Haichuang International Building, No. 533 Huangpu Road, Gaoxin District, Dalian City, Liaoning Province, the PRC.
- i. the correspondence address of Ms. Zhou is Floor 16, Block C, Haichuang International Building, No. 533 Huangpu Road, Gaoxin District, Dalian City, Liaoning Province, the PRC.
- j. In case of inconsistency, the English text of this Composite Document and the Form(s) of Acceptance shall prevail over the Chinese text.