

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 FUNGHWHA (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 FUNGHWHA are considered as parties acting in concert with Mr. Hu¹. Upon the signing of the Voting Rights Entrustment Deed and by virtue of the Voting

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

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 FUNGHW) 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/FUNGHW) 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/FUNGHW) 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.

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.

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.

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

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.

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

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 FUNGHWAA) is holding approximately 9.47% shareholding interest in DaLian Kingwisoft through FUNGHWAA 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

(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.

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.

* *For identification purpose only*

Yours faithfully,
For and on behalf of
Opus Securities Limited



Cheung On Kit Andrew
Responsible Officer