
THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of the Proposal, this Scheme Document 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 Sinosoft Technology Group Limited, you should at once hand this Scheme Document and the accompanying forms of proxy to the purchaser or transferee or to the licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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 Scheme Document, 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 Scheme Document.

This Scheme Document appears for information purpose only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities of the Offeror or Sinosoft Technology Group Limited nor is it a solicitation of any vote or approval in any jurisdiction. This Scheme Document is not for release, publication or distribution in or into any jurisdiction where to do so would constitute a violation of the relevant laws of such jurisdiction. Scheme Shareholders residing in jurisdictions other than Hong Kong should inform themselves about and observe all legal and regulatory requirements applicable to them. Overseas Scheme Shareholders are advised to read the section headed "Overseas Scheme Shareholders" in the Explanatory Memorandum in Part VI of this Scheme Document for further information.

Worth Glory Limited
(Incorporated in the British Virgin Islands with limited liability)


SINOSOFT
TECHNOLOGY
SINOSOFT TECHNOLOGY GROUP LIMITED
中國擎天軟件科技集團有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1297)

**(1) PROPOSAL FOR THE PRIVATISATION OF
SINOSOFT TECHNOLOGY GROUP LIMITED
BY THE OFFEROR
BY WAY OF A SCHEME OF ARRANGEMENT
UNDER SECTION 86 OF THE COMPANIES ACT
OF THE CAYMAN ISLANDS;
AND
(2) PROPOSED WITHDRAWAL OF LISTING OF
SINOSOFT TECHNOLOGY GROUP LIMITED**

Financial Adviser to the Offeror



Independent Financial Adviser to the Independent Board Committee



Unless the context otherwise requires, capitalized terms used hereunder have the same meanings as those defined in Part I of this Scheme Document.

A letter from the Board is set out in Part III of this Scheme Document. A letter from the Independent Board Committee containing its advice to the Independent Shareholders in respect of the Proposal and as to voting is set out in Part IV of this Scheme Document. A letter from the Independent Financial Adviser to the Independent Board Committee, containing its advice to the Independent Board Committee in respect of the Proposal and as to voting is set out in Part V of this Scheme Document. An Explanatory Memorandum regarding the Proposal is set out in Part VI of this Scheme Document.

Notices convening the Court Meeting and the EGM to be held at 5/F, United Centre, 95 Queensway, Hong Kong on Monday, 19 February 2024, in the case of the Court Meeting at 9:00 a.m. and, in the case of the EGM at 10:00 a.m. (or as soon as practicable after the conclusion or adjournment of the Court Meeting) are set out in Appendix IV and Appendix V to this Scheme Document respectively. Whether or not you are able to attend the Court Meeting and/or the EGM, you are strongly urged to complete and sign the enclosed **pink** form of proxy in respect of the Court Meeting and the enclosed **white** form of proxy in respect of the EGM, in accordance with the instructions printed on them respectively, and to lodge them at the Hong Kong Branch Share Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible but in any event not later than the respective times and dates as stated in the section headed "ACTIONS TO BE TAKEN" of this Scheme Document. Alternatively, the pink form of proxy in respect of the Court Meeting must be handed to the chairman of the Court Meeting at the commencement of the Court Meeting if it is not so lodged. The **white** form of proxy in respect of the EGM will not be valid if it is not so lodged. Completion and return of a form of proxy for the Court Meeting and/or the EGM will not preclude you from attending and voting at the relevant meeting or any adjournment thereof should you so wish, and in such event, the relevant form of proxy will be revoked by operation of law.

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

In case of any inconsistency, the English language text of this Scheme Document and the accompanying forms of proxy shall prevail over the Chinese language text.

ACTIONS TO BE TAKEN

NOTICE TO OVERSEAS SCHEME SHAREHOLDERS

The making and implementation of the Proposal to the Scheme Shareholders who are not residents in Hong Kong may be affected by the applicable laws of the relevant jurisdictions. Any Scheme Shareholders who are not residents in Hong Kong should inform themselves about and observe any applicable requirements in their own jurisdictions. It is the responsibility of any overseas Scheme Shareholders wishing to take any actions in relation to the Proposal to satisfy themselves as to the full observance of the laws of the relevant jurisdictions in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, the compliance with the necessary formalities and the payment of any issue, transfer or other taxes due from the Scheme Shareholder in such jurisdiction. The Offeror and the Company expressly decline any liability for breach of any of these restrictions by any persons.

Any acceptance of the Proposal by the Scheme Shareholders will be deemed to constitute a representation and warranty from such persons to the Offeror, the Company and their respective advisers, including Rainbow Capital and the Independent Financial Adviser, that those laws and regulatory requirements have been complied with.

Scheme Shareholders residing in jurisdictions other than Hong Kong should consult their own professional advisers if they are in any doubt as to the potential applicability of, or consequence under, any provision of law or regulation or judicial or regulatory decisions or interpretations in any jurisdictions, territory or locality therein or thereof and, in particular, whether there will be any restriction or prohibition on the acquisition, retention, disposal or otherwise with respect to the Shares, as the case may be.

Overseas Shareholders are advised to read the section headed “Overseas Scheme Shareholders” in the Explanatory Memorandum in Part VI of this Scheme Document for further information.

PAST PERFORMANCE AND FORWARD-LOOKING STATEMENTS

The performance and the results of operations of the Group contained in this Scheme Document are historical in nature and past performance is not a guarantee of the future results of the Group. This Scheme Document may contain forward-looking statements and opinions that involve risks and uncertainties. Actual results may differ materially from expectations discussed in such forward-looking statements and opinions and you should not place undue reliance on such forward-looking statements and opinions. Subject to the requirements of applicable laws, rules and regulations, including the Takeovers Code, none of the Offeror, the Company, Rainbow Capital, the Independent Financial Adviser, any of their respective directors, officers, employees, agents, affiliates or advisers or any other persons involved in the Proposal assumes any obligation to correct or update the forward-looking statements or opinions contained in this Scheme Document.

ACTIONS TO BE TAKEN

ACTIONS TO BE TAKEN BY SHAREHOLDERS

For the purpose of determining the entitlement of the Scheme Shareholders to attend and vote at the Court Meeting and the entitlement of the Shareholders to attend and vote at the EGM, the Register will be closed from Wednesday, 14 February 2024 to Monday, 19 February 2024 (both days inclusive) and during such period, no transfer of Shares will be effected. In order to qualify to attend and vote at the Court Meeting and/or the EGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Hong Kong Branch Share Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong by not later than 4:30 p.m. on Friday, 9 February 2024. A subsequent purchaser of Shares will need to obtain a proxy from the transferor if he/she wishes to attend or vote at the Court Meeting and/or the EGM.

A **pink** form of proxy for use in connection with the Court Meeting and a **white** form of proxy for use in connection with the EGM are enclosed with this Scheme Document.

Whether or not you are able to attend the Court Meeting and/or the EGM, you are strongly urged to complete and sign the enclosed pink form of proxy in respect of the Court Meeting and the enclosed white form of proxy in respect of the EGM in accordance with the instructions printed on them respectively, and to deposit them at the Hong Kong Branch Share Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.

In order to be valid, the pink form of proxy for use in connection with the Court Meeting must be lodged not later than 9:00 a.m. on Saturday, 17 February 2024 (or not later than 48 hours before the time appointed for holding an adjourned Court Meeting). Alternatively, the pink form of proxy must be handed to the chairman of the Court Meeting at the commencement of the Court Meeting if it is not so lodged. The **white** form of proxy for use in connection with the EGM must be lodged not later than 10:00 a.m. on Saturday, 17 February 2024 (or not later than 48 hours before the time appointed for holding an adjourned EGM), failing which it will not be valid. The completion and return of the relevant forms of proxy will not preclude you from attending and voting in person at the relevant meeting or any adjournment thereof should you so wish and in such event, the relevant forms of proxy will be revoked by operation of law.

If you do not appoint a proxy and if you do not attend and vote at the Court Meeting and/or the EGM, you will still be bound by the outcome of the Court Meeting and/or the EGM. You are therefore strongly encouraged to attend and vote at the Court Meeting and/or the EGM in person or by proxy.

Voting at the Court Meeting and the EGM will be taken by poll.

Announcement of results of the Court Meeting and the EGM

Joint announcement(s) will be made by the Offeror and the Company in relation to the results of the Court Meeting and the EGM. If all of the requisite resolutions are passed at those meetings, further announcement(s) will be made in relation to, amongst other things, the results of the Court Hearing, the Effective Date and the date of withdrawal of the listing of the Shares on the Stock Exchange.

Shareholders who have sold/transferred Shares should hand this Scheme Document and forms of proxy to the purchaser/transferee.

ACTIONS TO BE TAKEN

If you have sold or transferred all of your Shares, you should at once hand this Scheme Document and the accompanying forms of proxy to the purchaser or the transferee or to the licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

Shareholders and potential investors of the Company are advised to read this Scheme Document carefully, in particular, (i) the letter from the Independent Board Committee in Part IV of this Scheme Document; and (ii) the letter from the Independent Financial Adviser in Part V of this Scheme Document, before voting at the Court Meeting and/or the EGM.

Actions to be taken by Beneficial Owners whose Shares are deposited in CCASS

The Company will not recognize any person as holding any Shares on trust.

If you are a Beneficial Owner whose Shares are deposited in CCASS and registered under the name of HKSCC Nominees Limited, you should, unless you are admitted to participate in CCASS as an Investor Participant:

- (a) contact your broker, custodian, nominee or other relevant person who is, or has in turn deposited such Shares with, a CCASS Participant regarding voting instructions to be given to such persons; or
- (b) arrange for some or all of your Shares to be withdrawn from CCASS and transferred them into your own name by lodging all the transfer documents with relevant share certificates on or before 4:30 p.m. on Friday, 9 February 2024 with the Hong Kong Branch Share Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, and become a Registered Owner as of the Meeting Record Date and thereby have the right to attend and vote (in person or by proxy) at the Court Meeting and/or the EGM.

The procedures for voting by the Investor Participants and other CCASS Participants with respect to Shares registered under the name of HKSCC Nominees Limited shall be in accordance with the “Operating Guide for Investor Participants”, the “General Rules of CCASS” and the “CCASS Operational Procedures” in effect from time to time.

Actions to be taken by Beneficial Owners whose Shares are held by a Registered Owner other than HKSCC Nominees Limited

The Company will not recognize any person as holding any Shares on trust.

If you are a Beneficial Owner whose Shares are registered in the name of a nominee, trustee, depositary or any other authorized custodian or third party (other than HKSCC Nominees Limited), you should contact such Registered Owner to give instructions to and/or to make arrangements with such Registered Owner as to the manner in which the Shares beneficially owned by you should be voted at the Court Meeting and/or the EGM.

ACTIONS TO BE TAKEN

If you are a Beneficial Owner who wishes to attend and vote at the Court Meeting and/or the EGM personally, you should:

- (a) contact the Registered Owner directly to make the appropriate arrangements with the Registered Owner to enable you to attend and vote at the Court Meeting and/or the EGM and, for such purpose, the Registered Owner may appoint you as its proxy; or
- (b) arrange for some or all of your Shares registered in the name of the Registered Owner to be transferred into your own name by lodging all the transfer documents with relevant share certificates on or before 4:30 p.m. on Friday, 9 February 2024 with the Hong Kong Branch Share Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, and become a Registered Owner as of the Meeting Record Date and thereby have the right to attend and vote (in person or by proxy) at the Court Meeting and/or the EGM.

Instructions to and/or arrangements with the Registered Owner should be given or made in advance of the relevant latest time for the lodgement of forms of proxy in respect of the Court Meeting and the EGM or, as applicable, the latest time for lodging transfer of Shares, in order to provide the Registered Owner with sufficient time to complete his/her/its forms of proxy or, as applicable, transfer documents accurately and to submit them by the relevant deadline. To the extent that any Registered Owner requires instructions from or arrangements to be made with any Beneficial Owner at a particular date or time in advance of the relevant latest time for the lodgement of forms of proxy in respect of the Court Meeting and the EGM or, as applicable, the latest time for lodging transfer of Shares, any such Beneficial Owner should comply with the requirements of such Registered Owner.

EXERCISE YOUR RIGHT TO VOTE

If you are a Shareholder or a Beneficial Owner whose Shares are held by a Registered Owner, you are strongly encouraged to exercise your right to vote or to give instructions to the relevant Registered Owner to vote in person or by proxy at the Court Meeting and/or the EGM. If you keep any Shares in a share lending programme, you are encouraged to recall any outstanding Shares on loan to avoid market participants using borrowed stock to vote.

If you are a Beneficial Owner whose Shares are deposited in CCASS, you are strongly encouraged to provide your broker, custodian, nominee or other relevant person without delay with instructions or make arrangements with HKSCC Nominees Limited in relation to the manner in which those Shares should be voted at the Court Meeting and/or at the EGM, and/or withdraw some or all of your Shares from CCASS and become a Registered Owner of such Shares and exercise your right to vote (in person or by proxy) at the Court Meeting and/or the EGM.

If you are a Registered Owner holding Shares on behalf of Beneficial Owners, you should inform the relevant Beneficial Owner(s) about the importance of exercising their right to vote and that Beneficial Owners should consider transferring some or all of their Shares into their own names if they wish to vote individually.

ACTIONS TO BE TAKEN

If you are in any doubt as to the action to be taken, you are encouraged to consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

PETITION HEARING AT THE GRAND COURT

Any Scheme Shareholders who voted at the Court Meeting (including any beneficial owners who gave any voting instructions to a custodian or clearing house who subsequently voted at the Court Meeting) should note that they are entitled to attend or appear by counsel, and be heard at the Court Hearing in the Cayman Islands which is expected to be on 29 February 2024 at 10:00 a.m. (Cayman Islands time), at which the Company will seek, amongst other things, the sanction of the Scheme.

NOTICE TO US INVESTORS

The Proposal is being made to cancel the securities of a Cayman Islands exempted company by means of a scheme of arrangement provided for under the laws of Cayman Islands and is subject to Hong Kong disclosure requirements which are different from those of the US. The financial information included in the relevant documentation, including this Scheme Document, has been prepared in accordance with the accounting standards applicable in Hong Kong and thus may not be comparable to financial information of US companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the US.

A transaction effected by means of a scheme of arrangement is not subject to the tender offer or proxy solicitation rules under the US Securities Exchange Act of 1934, as amended. Accordingly, the Proposal is subject to the disclosure requirements and practices applicable in the Cayman Islands and Hong Kong to schemes of arrangement which differ from the disclosure and procedural requirements applicable under the US federal securities laws. In addition, US holders of Scheme Shares should be aware that this Scheme Document has been prepared in accordance with Hong Kong format and style, which differs from US format and style.

The receipt of cash pursuant to the Proposal by a US holder of Scheme Shares as consideration for the cancellation of his/her/its Scheme Shares pursuant to the Scheme may be a taxable transaction for US federal income tax purposes and under applicable US state and local, as well as foreign and other tax laws. Each holder of Scheme Shares is urged to consult his/her/its independent professional adviser immediately regarding the tax consequences of the Proposal applicable to him/her/it.

It may be difficult for US holders of Scheme Shares to enforce their rights and claims arising out of the US federal securities laws, since the Offeror and the Company are located in a country other than the US, and some or all of their officers and directors may be residents of a country other than the US. US holders of Scheme Shares may not be able to sue a non-US company or its officers or directors in a non-US court for violations of the US securities laws. Further, it may be difficult to compel a non-US company and its affiliates to subject themselves to a US court's judgement.

ACTIONS TO BE TAKEN

CONTACT INFORMATION

If you have any questions concerning administrative matters, such as dates, documentation and procedures relating to the Proposal, please contact the Company by phone at (852) 3912 0800 or (86) 25 8481 6867 between 9:00 a.m. and 5:00 p.m. on Monday to Friday, excluding public holidays in Hong Kong and the PRC or by email at enquiries@skynj.com.

For the avoidance of doubt, the Company cannot and will not provide any advice on the merits of the Proposal or the Scheme or give any financial or legal advice via the above designated hotlines and email. If you are in doubt as to any aspect of this Scheme Document or 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.

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In this Scheme Document, the following expressions have the meanings set out below unless the context requires otherwise:

“acting in concert”	has the meaning given to it in the Takeovers Code, and “persons acting in concert” and “concert parties” shall be construed accordingly
“Alibaba Investments”	Alibaba.com Investment Holding Limited, a company incorporated in the British Virgin Islands with limited liability, which, save as a Shareholder, (i) has no relationship with the Offeror and the Offeror Concert Parties; and (ii) is independent of and not acting in concert with the Offeror and the Offeror Concert Parties
“Alibaba Investments Irrevocable Undertaking”	the deed of irrevocable undertaking given by Alibaba Investments in respect of its Shares as described in the section headed “ <i>Alibaba Investments Irrevocable Undertaking</i> ”
“Announcement”	the announcement dated 14 December 2023 jointly issued by the Offeror and the Company in relation to the Proposal
“Applicable Laws”	with respect to any person, any laws, rules, regulations, guidelines, directives, treaties, judgements, decrees, orders or notices of any Authority that is applicable to such person
“Approvals”	licenses, approvals, permits, consents, permissions, clearances and registrations
“associate(s)”	has the meaning given to it in the Takeovers Code
“Authority”	any relevant government, administrative or regulatory body, or court, tribunal, arbitrator or governmental agency or authority or department (including any relevant securities exchange) and whether supranational, national, regional or local
“Beneficial Owner(s)”	any beneficial owner(s) of the Shares whose Shares are registered in the name of a Registered Owner(s) other than himself or herself
“Board”	the board of Directors
“Business Day”	a day on which the Stock Exchange is open for transaction for business
“Cancellation Price”	the cancellation price of HK\$0.330 per Scheme Share

“Cash Cancellation Consideration”	the consideration payable in cash by the Offeror to the Scheme Shareholders (other than the Controlling Shareholders), being the Cancellation Price for every Scheme Share held by the Scheme Shareholders that is cancelled and extinguished pursuant to the Scheme
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Participant(s)”	person(s) admitted to participate in CCASS as a direct clearing participant, general clearing participant, a custodian participant or an Investor Participant who may be an individual or joint individuals or a corporation
“Companies Act”	the Companies Act (2023 Revision) of the Cayman Islands (As Revised)
“Company”	Sinosoft Technology Group Limited (中國擎天軟件科技集團有限公司), a company incorporated in the Cayman Islands on 6 January 2011 as an exempted company with limited liability, whose Shares are listed on the Main Board of the Stock Exchange (Stock Code: 1297)
“Condition(s)”	the condition(s) to the Proposal as set out in the paragraph headed “ <i>Conditions of the Proposal and the Scheme</i> ” under the section headed “ <i>Terms of the Proposal</i> ” of this Scheme Document
“Controlling Shareholders”	collectively, Long Capital and Telewise Group
“Court Hearing”	the hearing of the petition by the Grand Court for the sanction of the Scheme
“Court Meeting”	a meeting of the Scheme Shareholders convened at the directions of the Grand Court to be held at 9:00 a.m. on Monday, 19 February 2024 at 5/F, United Centre, 95 Queensway, Hong Kong, notice of which is set out in Appendix IV to this Scheme Document, at which the Scheme (with or without modifications) will be voted upon, or any adjournment thereof
“CS Cancellation Consideration”	the aggregate consideration to be received by the Controlling Shareholders for the cancellation of their CS Scheme Shares under the Scheme, being the amount equivalent to the aggregate amount of the Cancellation Price with respect to all the CS Scheme Shares which will be applied to credit as fully paid the unpaid Offeror Shares held by the Controlling Shareholders

“CS Irrevocable Undertakings”	the deed of irrevocable undertakings given by the Controlling Shareholders in respect of the CS Scheme Shares as described in the section headed “ <i>CS Irrevocable Undertakings</i> ” of this Scheme Document
“CS Scheme Shares”	586,850,400 Scheme Shares (in aggregate), which are held by the Controlling Shareholders (representing approximately 48.01% of the issued Shares) and will be cancelled and extinguished in consideration for the CS Cancellation Consideration
“Director(s)”	the director(s) of the Company
“Effective Date”	the date on which the Scheme becomes effective in accordance with the Companies Act and the Conditions
“EGM”	the extraordinary general meeting of the Company to be held at 5/F, United Centre, 95 Queensway, Hong Kong on Monday, 19 February 2024 at 10:00 a.m. (or as soon as practicable after the conclusion or adjournment of the Court Meeting), notice of which is set out in Appendix V to this Scheme Document, for the purpose of approving all necessary resolutions for the implementation of the Proposal, or any adjournment thereof
“Executive”	the Executive Director of the Corporate Finance Division of the Securities and Futures Commission of Hong Kong or any delegate of the Executive Director
“Explanatory Memorandum”	the explanatory memorandum in relation to the Scheme set out in Part VI of this Scheme Document
“Grand Court”	the Grand Court of the Cayman Islands
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong Branch Share Registrar”	Tricor Investor Services Limited, the Company’s Hong Kong branch share registrar and transfer office

“Independent Board Committee”	the independent board committee of the Company comprising the following independent non-executive Directors: Mr. Chan Choo Tee, Mr. Li Dong and Mr. Zong Ping
“Independent Financial Adviser” or “Elstone Capital”	Elstone Capital Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser appointed to advise the Independent Board Committee in relation to the Proposal and the Scheme
“Independent Shareholders”	all Shareholders, other than the Offeror and the Offeror Concert Parties
“Investor Participant”	person(s) admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
“Last Trading Day”	8 December 2023, being the last trading day immediately before the trading halt in the Shares pending the publication of the Announcement
“Latest Practicable Date”	23 January 2024, being the latest practicable date prior to the printing of this Scheme Document for the purpose of ascertaining certain information contained in this Scheme Document
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Long Capital”	Long Capital International Limited, a limited liability company incorporated in the British Virgin Islands and is wholly and beneficially owned by Ms. Xin
“Long Stop Date”	31 May 2024 or such later date as may be agreed by the Offeror and the Company or, to the extent applicable, as the Grand Court may direct, and in all cases, as permitted by the Executive
“Meeting Record Date”	19 February 2024, or such other date as shall have been announced to the Shareholders, being the record date for the purpose of determining entitlement of the Scheme Shareholders to attend and vote at the Court Meeting and entitlement of the Shareholders to attend and vote at the EGM
“Mr. Wang”	Mr. Wang Xiaogang, a Shareholder of the Company and the spouse of Ms. Xin

“Ms. Xin”	Ms. Xin Yingmei, the chairlady of the Board and an executive Director of the Company and a controlling Shareholder of the Company
“Nanjing Skytech”	Nanjing Skytech Co., Limited* (南京擎天科技有限公司), a limited company established in the PRC and an indirect wholly-owned subsidiary of the Company
“Offer Period”	has the meaning given to it in the Takeovers Code, being the period from the date of the Announcement until the latest of (i) the Effective Date; (ii) the date when the Scheme lapses; (iii) the time when the Offeror announces that the Scheme will not proceed; and (iv) the date when an announcement is made of the withdrawal of the Scheme
“Offeror”	Worth Glory Limited, a limited liability company incorporated in the British Virgin Islands and is owned as to 86.54% by Long Capital and 13.46% by Telewise Group
“Offeror Concert Party(ies)”	parties acting in concert or presumed to be acting in concert with the Offeror, the Controlling Shareholders, Ms. Xin or Mr. Wang, including but not limited to Robust Effort Limited, Mr. Su Hui, Mr. Ren Geng and Rainbow Capital
“Offeror Share(s)”	the ordinary shares in the capital of the Offeror
“PRC”	the People’s Republic of China
“Proposal”	the proposal for the privatisation of the Company by the Offeror by way of the Scheme, on the terms and subject to the conditions as described in this Scheme Document
“Rainbow Capital”	Rainbow Capital (HK) Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, the financial adviser to the Offeror in respect of the Proposal
“Register”	the principal or branch register of members of the Company (as the case may be) in respect of the Shares
“Registered Owner”	any person(s) (including without limitation a nominee, trustee, depository or any other authorised custodian or third party) whose name is entered in the Register as the holder of the Share(s)

“Relevant Period”	the period commencing on 14 June 2023, being the date falling six months preceding the commencement date of the Offer Period and ending and including on the Latest Practicable Date
“RMB”	Renminbi, the lawful currency of the PRC
“Scheme”	the scheme of arrangement under section 86 of the Companies Act between the Company and the Scheme Shareholders for the implementation of the Proposal
“Scheme Document”	this composite scheme document, including each of the letters, statements, appendices and notices in it, as may be amended or supplemented from time to time
“Scheme Record Date”	1 March 2024 (or such other date as may be announced to the Shareholders), being the record date for the purpose of determining entitlements of the Scheme Shareholders under the Scheme
“Scheme Shareholder(s)”	the registered holders of the Scheme Shares as at the Scheme Record Date (which, for the avoidance of doubt, shall include Shares held by the Controlling Shareholders)
“Scheme Share(s)”	the Share(s) in issue on the Scheme Record Date
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share Option Scheme”	the share option scheme of the Company adopted by the Shareholders on 11 June 2013, and expired on 10 June 2023
“Share(s)”	the ordinary share(s) of a nominal or par value of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stamp Duty Ordinance”	Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Code on Takeovers and Mergers in Hong Kong
“Telewise Group”	Telewise Group Limited, a limited liability company incorporated in the British Virgin Islands and is wholly and beneficially owned by Mr. Wang

“US” the United States of America

“%” per cent

Unless otherwise specified in this Scheme Document, translations of RMB into HK\$ are made in this Scheme Document, for illustration only, at the rate of RMB0.90967 to HK\$1, being the exchange rate as quoted by the People’s Bank of China on the Latest Practicable Date. No representation is made that any amounts in RMB or HK\$ could have been or could be converted at that rate or at any other rates or at all.

The 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. All references in this Scheme Document to times and dates are references to Hong Kong times and dates, other than references to the expected date of the Court Hearing and the expected Effective Date which are the relevant times and dates in the Cayman Islands. For reference only, Cayman Islands time is 13 hours behind Hong Kong time as at the date of this Scheme Document.

Date of despatch of this Scheme Document Friday, 26 January 2024

Latest time for lodging transfers of Shares documents to qualify for entitlement to attend and vote at the Court Meeting and the EGM 4:30 p.m. on Friday, 9 February 2024

Closure of the Register for determining entitlements to attend and vote at the Court Meeting and the EGM ^(Note 1) from Wednesday, 14 February 2024 to Monday, 19 February 2024 (both days inclusive)

Latest time for lodging pink form of proxy in respect of the Court Meeting ^(Note 2) 9:00 a.m. on Saturday, 17 February 2024

Latest time for lodging white form of proxy in respect of the EGM ^(Note 2) 10:00 a.m. on Saturday, 17 February 2024

Meeting Record Date Monday, 19 February 2024

Court Meeting ^(Note 2 & 3) 9:00 a.m. on Monday, 19 February 2024

EGM ^(Note 2 & 3) 10:00 a.m. on Monday, 19 February 2024 (or as soon as practicable after the conclusion or adjournment of the Court Meeting)

Announcement of the results of the Court Meeting and the EGM, published on the websites of the Stock Exchange and the Company not later than 7:00 p.m. on Monday, 19 February 2024

Expected last day for trading in the Shares on the Stock Exchange Wednesday, 21 February 2024

Latest time for lodging transfers of Shares to
qualify for entitlements under the Scheme 4:30 p.m. on, Monday, 26 February 2024

Closure of the Register for determining
entitlements under the Scheme ^(Note 4) from Tuesday, 27 February 2024 onwards

Court Hearing Thursday, 29 February 2024
(Cayman Islands time)

Announcement of (1) the results of the
Court Hearing; (2) the expected Effective
Date; and (3) the expected date of the
withdrawal of the listing of the Shares on
the Stock Exchange, published on the websites
of the Stock Exchange and the Company at or before 8:30 a.m. on Friday,
1 March 2024

Scheme Record Date Friday, 1 March 2024

Effective Date ^(Note 5) Friday, 1 March 2024
(Cayman Islands time)

Announcement of (1) the Effective Date; and
(2) the withdrawal of listing of Shares on
the Stock Exchange, published on the websites
of the Stock Exchange and the Company at or before 8:30 a.m. on Monday,
4 March 2024

Withdrawal of listing of the Shares on the Stock
Exchange becomes effective ^(Note 5) 4:00 p.m. on Monday, 4 March 2024

Latest date to despatch cheques for payment of
the Cancellation Price in the form of the Cash
Cancellation Consideration to the Scheme Shareholders
(other than the Controlling Shareholders) ^(Note 6) on or before Tuesday, 12 March 2024

Notes:

- (1) The Register will be closed during such period for the purpose of determining the entitlement of the Scheme Shareholders to attend and vote at the Court Meeting and of the Shareholders to attend and vote at the EGM. For the avoidance of doubt, this period of closure is not for determining entitlements under the Scheme.

- (2) The **pink** form of proxy in respect of the Court Meeting and the **white** form of proxy in respect of the EGM must be completed and signed in accordance with the instructions respectively printed thereon. The **pink** form of proxy in respect of the Court Meeting must be lodged with the Hong Kong Branch Share Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong by the times and dates stated above (or not later than 48 hours before the time appointed for holding an adjourned Court Meeting). Alternatively, the **pink** form of proxy in respect of the Court Meeting must be handed to the chairman of the Court Meeting at the commencement of the Court Meeting if it is not so lodged. The **white** form of proxy in respect of the EGM must be lodged with the Hong Kong Branch Share Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong by the times and dates stated above (or not later than 48 hours before the time appointed for holding an adjourned EGM), failing which, it will not be valid. Completion and return of a form of proxy for the Court Meeting and/or the EGM will not preclude a Scheme Shareholder or a Shareholder (as the case may be) from attending and voting in person at the relevant meeting if he/she/it so wishes. In such event, the relevant form of proxy will be revoked by operation of law.
- (3) If a tropical cyclone warning signal No. 8 or above is or is expected to be hoisted or “extreme conditions” caused by super typhoons or a black rainstorm warning signal is or is expected to be in force at any time after 8:00 a.m. on the date of the Court Meeting and the EGM, the Court Meeting and the EGM will be adjourned. The Company will post an announcement on the respective websites of the Stock Exchange and the Company to notify the members of the date, time and venue of the adjourned meetings.
- (4) The Register will be closed during such period for the purpose of determining the entitlements of the Scheme Shareholders under the Scheme.
- (5) The Scheme will become effective upon all the Conditions set out in the paragraph headed “Conditions of the Proposal and the Scheme” under the section headed “Terms of the Proposal” in the Explanatory Memorandum in Part VI of this Scheme Document having been fulfilled or waived (as applicable). The withdrawal of listing of Shares will take place as soon as practicable after the Effective Date. Shareholders will be advised by an announcement of the exact date upon which the Scheme becomes effective and the exact date of withdrawal of the listing of the Shares on the Stock Exchange. All of the Conditions will have to be fulfilled or waived (as applicable) on or before the Long Stop Date, failing which the Proposal and the Scheme will lapse.
- (6) Cheques for entitlements of the Scheme Shareholders (other than the Controlling Shareholders) will be despatched by ordinary post in postage pre-paid envelopes addressed to them at their respective addresses as appearing in the Register as at the Scheme Record Date or, in the case of joint holders, at the address appearing in the Register as at the Scheme Record Date of the joint holder whose name then stands first in the Register in respect of the relevant joint holding as soon as possible but in any event within seven (7) Business Days following the Effective Date. Cheques shall be posted at the risk of the addressees and none of the Offeror, the Company, Rainbow Capital, the Independent Financial Adviser, the Hong Kong Branch Share Registrar or any of their respective directors, officers, employees, agents, affiliates or advisers or any other persons involved in the Proposal shall be responsible for any loss or delay in despatch.



SINOSOFT
TECHNOLOGY

SINOSOFT TECHNOLOGY GROUP LIMITED

中國擎天軟件科技集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1297)

Executive Directors:

Ms. Xin Yingmei (*Chairlady*)
Mr. Su Hui

Non-executive Director:

Mr. Ren Geng

Independent non-executive Directors:

Mr. Chan Choo Tee
Mr. Li Dong
Mr. Zong Ping

Registered office:

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

Headquarters in the PRC:

No. 26 Tianpu Road
Jiangpu Street
Pukou District
Nanjing City
Jiangsu
The PRC

Principal place of business in Hong Kong:

40th Floor, Dah Sing Financial Centre,
No. 248 Queen's Road East, Wanchai
Hong Kong

26 January 2024

To the Shareholders

Dear Sir or Madam,

**(1) PROPOSAL FOR THE PRIVATISATION OF
SINOSOFT TECHNOLOGY GROUP LIMITED
BY THE OFFEROR
BY WAY OF A SCHEME OF ARRANGEMENT
UNDER SECTION 86 OF THE COMPANIES ACT
OF THE CAYMAN ISLANDS;
AND
(2) PROPOSED WITHDRAWAL OF LISTING OF
SINOSOFT TECHNOLOGY GROUP LIMITED**

INTRODUCTION

Reference is made to the Announcement.

On 8 December 2023, the Offeror requested the Board to put forward the Proposal to the Scheme Shareholders for the proposed privatisation of the Company by way of the Scheme.

TERMS OF THE PROPOSAL**The Proposal**

If the Proposal is approved and implemented, under the Scheme:

- (a) all of the 1,222,384,600 Scheme Shares held by the Scheme Shareholders will be cancelled and extinguished on the Effective Date in consideration for the Cancellation Price, which (i) with respect to the Cancellation Price payable for the Scheme Shares (other than the CS Scheme Shares (being the 586,850,400 Scheme Shares held by the Controlling Shareholders representing approximately 48.01% of the issued Shares) which will be cancelled and extinguished in consideration for the CS Cancellation Consideration instead (being the amount equivalent to the aggregate amount of the Cancellation Price with respect to all the CS Scheme Shares, which will be applied to credit as fully paid the unpaid Offeror Shares held by the Controlling Shareholders)), will be paid in cash, and (ii) with respect to the Cancellation Price payable for the CS Scheme Shares, will be satisfied by the receipt of the CS Cancellation Consideration;
- (b) contemporaneously with the cancellation of the Scheme Shares, the issued share capital of the Company will be maintained by the issuance at par value to the Offeror, credited as fully paid, of the aggregate number of Shares as is equal to the number of Scheme Shares cancelled and extinguished, such that the Company will become wholly-owned by the Offeror. The reserve created in the Company's books of account as a result of the cancellation and extinguishment of the Scheme Shares will be applied in paying up in full at par value the new Shares so issued to the Offeror; and
- (c) upon the Scheme becoming effective, the Company will make an application to the Stock Exchange in accordance with Rule 6.15 of the Listing Rules for the withdrawal of the listing of the Shares on the Stock Exchange with effect from the next Business Day following the Effective Date.

In compliance with Rule 20.1(a) of the Takeovers Code, after the Scheme has become effective, the Cancellation Price for the cancellation of the Scheme Shares (other than the CS Scheme Shares) will be paid to the relevant Scheme Shareholders whose names appear in the Register on the Scheme Record Date as soon as possible, but in any event no later than seven business days (as defined in the Takeovers Code) after the Effective Date.

Cancellation Price

Under the Scheme, the Cancellation Price of HK\$0.330 per Scheme Share will be payable by the Offeror to the Scheme Shareholders in the form of:

- (a) the Cash Cancellation Consideration for the cancellation and extinguishment of the Scheme Shares (other than the CS Scheme Shares) held by the Scheme Shareholders; and
- (b) the CS Cancellation Consideration for the cancellation and extinguishment of the CS Scheme Shares held by the Controlling Shareholders.

The Cancellation Price of HK\$0.330 represents:

- (a) a premium of approximately 15.79% over the closing price of HK\$0.285 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (b) a premium of approximately 29.41% over the closing price of HK\$0.255 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (c) a premium of approximately 30.43% over the average closing price of approximately HK\$0.253 per Share as quoted on the Stock Exchange for the five trading days up to and including the Last Trading Day;
- (d) a premium of approximately 31.21% over the average closing price of approximately HK\$0.252 per Share as quoted on the Stock Exchange for the 10 trading days up to and including the Last Trading Day;
- (e) a premium of approximately 31.13% over the average closing price of approximately HK\$0.252 per Share as quoted on the Stock Exchange for the 30 trading days up to and including the Last Trading Day;
- (f) a discount of approximately 79.55% to the audited consolidated net asset value attributable to equity shareholders of the Company per Share of approximately RMB1.468 (equivalent to approximately HK\$1.614 as at 31 December 2022 based on RMB to HK\$ exchange rate of RMB0.90967 to HK\$1 being the exchange rate as quoted by the People's Bank of China as at the Latest Practicable Date); and
- (g) a discount of approximately 78.85% to the unaudited consolidated net asset value attributable to equity shareholders of the Company per Share of approximately RMB1.419 (equivalent to approximately HK\$1.560 as at 30 June 2023 based on RMB to HK\$ exchange rate of RMB0.90967 to HK\$1 being the exchange rate as quoted by the People's Bank of China as at the Latest Practicable Date).

Highest and lowest prices

During the six-month period ended on and including the Last Trading Day, the highest closing price of the Shares as quoted on the Stock Exchange was HK\$0.365 on 13 July 2023, and the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$0.238 on 25 October 2023.

Basis for determining the Cancellation Price

The Cancellation Price has been determined on a commercial basis after taking into account, among other things, the recent and historical traded prices of the Shares and with reference to other privatisation transactions in Hong Kong in recent years.

The Offeror will not increase the Cancellation Price and does not reserve the right to do so. Shareholders and potential investors should be aware that, following the making of this statement, the Offeror will not be allowed to increase the Cancellation Price.

Dividend payment by the Company

The Company does not intend to declare and/or pay any dividend before the Effective Date or the date on which the Scheme is not approved, or the Proposal otherwise lapses or is withdrawn (as the case may be). However, if, after the Latest Practicable Date, any dividend and/or other distribution and/or other return of capital is announced, declared or paid in respect of the Shares, the Offeror reserves the right to reduce the Cancellation Price by all or any part of the amount or value of such dividend, distribution and/or, as the case may be, return of capital after consultation with the Executive, in which case any reference in this Scheme Document or any other announcement or document to the Cancellation Price will be deemed to be a reference to the Cancellation Price as so reduced.

The Company has confirmed that it does not intend to announce, declare or pay any dividend, distribution or other return of capital during the Offer Period in relation to the Proposal. As at the Latest Practicable Date, there is no outstanding dividend in respect of the Shares that has been announced but remains unpaid.

TOTAL CONSIDERATION AND FINANCIAL RESOURCES

As at the Latest Practicable Date, the issued share capital of the Company is 1,222,384,600 Shares, representing 100% of the Scheme Shares. There are no other outstanding options, warrants, derivatives, convertible securities or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) issued by the Company that carry a right to subscribe for or which are convertible into Shares.

On the basis of the Cancellation Price of HK\$0.330 per Scheme Share and 1,222,384,600 Scheme Shares in issue as at the Latest Practicable Date, the Scheme Shares are in aggregate valued at approximately HK\$403,386,918, of which the Cancellation Price in the amount of HK\$209,726,286 (being the difference between the aggregate value of the Scheme Shares and the CS Cancellation Consideration) will be settled in cash. The Offeror intends to finance the entire cash consideration payable under the Scheme with external debt financing.

Rainbow Capital, the financial adviser to the Offeror, is satisfied that sufficient financial resources are available to the Offeror for satisfying its payment obligations in full in respect of the cash consideration payable under the Proposal in accordance with its terms.

Conditions of the Proposal and the Scheme

The Proposal and the Scheme will only become effective and binding on the Company and all of the Scheme Shareholders if the following Conditions are fulfilled, waived or remain satisfied (as applicable):

- (a) the approval of the Scheme (by way of poll) by the Scheme Shareholders representing not less than 75% in value of the Scheme Shares held by the Scheme Shareholders present and voting, either in person or by proxy, at the Court Meeting;
- (b) the approval of the Scheme (by way of poll) at the Court Meeting by the Independent Shareholders holding at least 75% of the votes attaching to the Scheme Shares held by the Independent Shareholders that are cast either in person or by proxy at the Court Meeting and the number of votes cast by Independent Shareholders present and voting either in person or by proxy at the Court Meeting against the resolution to approve the Scheme at the Court Meeting is not more than 10% of the votes attaching to all Scheme Shares held by the Independent Shareholders;
- (c) the passing of (i) a special resolution by a majority of at least 75% of the votes cast by the Shareholders present and voting in person or by proxy at the EGM to approve and give effect to any reduction of the issued share capital of the Company as a result of cancelling and extinguishing the Scheme Shares and (ii) an ordinary resolution by a simple majority of the votes cast by the Shareholders present and voting in person or by proxy at the EGM to approve the issue to the Offeror of such number of new Shares as is equal to the number of Scheme Shares cancelled and extinguished as a result of the Scheme and the application of the credit arising in the Company's books of accounts as a result of the cancellation and extinguishment of the Scheme Shares in paying up in full at par value the new Shares issued to the Offeror;
- (d) the Grand Court's sanction of the Scheme (with or without modification) under section 86(2A) of the Companies Act and if necessary its confirmation of any reduction of the issued share capital of the Company as a result of the cancellation and extinguishment of the Scheme Shares, and the delivery to the Registrar of Companies in the Cayman Islands of a copy of the order of the Grand Court for registration;
- (e) all Approvals which are (i) required in connection with the Proposal by (1) the Applicable Laws or (2) any licenses, permits or contractual obligations of the Company; and (ii) material in the context of the Group (taken as a whole), having been obtained (or, as the case may be, completed) and remaining in full force and effect without modification up to and as at the Effective Date;
- (f) no Authority in any jurisdiction having taken or instituted any action, proceeding, suit, investigation or enquiry (or enacted or proposed, and there not continuing to be outstanding, any statute, regulation, demand or order), in each case, which would make the Proposal or its

implementation in accordance with its terms void, unenforceable, illegal or impracticable (or which would impose any material and adverse conditions or obligations with respect to the Proposal);

- (g) all the Applicable Laws having been complied with and no legal or regulatory requirement having been imposed by any Authority which is not expressly provided for, or is in addition to the requirements expressly provided for, in the Applicable Laws in connection with the Proposal which are material in the context of the Group (taken as a whole), in each case up to and as at the Effective Date; and
- (h) since the date of the Announcement, there having been no material adverse change to the business, financial or trading position of the Group, each taken as a whole.

The Conditions set out in paragraphs (a) to (d) and (e)(i)(1) above cannot be waived. The Offeror reserves the right to waive all or any of the Conditions in paragraphs (e) to (h) (other than (e)(i)(1)) in whole or in part. The Company does not have the right to waive any of the Conditions. All of the above Conditions will have to be fulfilled or waived, as applicable, on or before the Long Stop Date, failing which the Scheme will not become effective and the Proposal will lapse.

Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Offeror may only invoke any or all of the Conditions as a basis for not proceeding with the Proposal or the Scheme if the circumstances which give rise to the right to invoke such Condition are of material significance to the Offeror in the context of the Proposal or the Scheme.

All of the Conditions will have to be fulfilled, waived or remain satisfied, as applicable, on or before the Long Stop Date, failing which the Proposal and the Scheme will lapse. If the Scheme is withdrawn, not approved or lapsed, the listing of the Shares on the Stock Exchange will not be withdrawn. If the Conditions are satisfied or waived (as applicable), the Scheme will be binding on all of the Scheme Shareholders, irrespective of whether or not they attended or voted at the Court Meeting or the EGM.

As at the Latest Practicable Date, none of the Conditions set out in paragraphs (a) to (h) have been fulfilled or waived (as the case may be).

As at the Latest Practicable Date and based on the information available to the Offeror and the Company, other than the Approvals listed in the Conditions in paragraphs (a) to (d) (inclusive), the Offeror and the Company are not aware of any other Approvals which are required as set out in the Condition in paragraph (e) above, and the Offeror and the Company are also not aware of any other circumstances which may result in any of the Conditions in paragraphs (e) to (h) (inclusive) not being satisfied. In particular, as at the Latest Practicable Date, the Company is not aware of any Authority in any jurisdiction having taken or instituted any action, proceeding, suit, investigation or enquiry as set out in the Condition in paragraph (f).

Warning: Shareholders and/or potential investors should be aware that the implementation of the Proposal and the Scheme is subject to the Conditions being fulfilled or waived, as applicable, and therefore the Proposal may or may not be implemented and the Scheme may or may not become effective. Shareholders and/or potential investors should therefore exercise caution when dealing in the

securities of the Company. Persons who are in doubt as to the action they should take should consult their stockbroker, licensed securities dealer, registered institution in securities, bank manager, solicitor or other professional advisers.

VOTING AT THE COURT MEETING AND THE EGM

All Scheme Shareholders whose names appear on the Register as at the Meeting Record Date will be entitled to attend and vote on the Scheme at the Court Meeting provided that only the votes of the Independent Shareholders will be taken into account in determining if Condition (b) in the paragraph headed “Conditions of the Proposal and the Scheme” under the section headed “Terms of the Proposal” in the Explanatory Memorandum in Part VI of this Scheme Document is satisfied. Each of the Offeror Concert Parties will procure that any Shares in respect of which they are legally and/or beneficially interested will not be represented or voted at the Court Meeting. Each of the Controlling Shareholders has provided an undertaking to the Grand Court (a) not to vote at the Court Meeting; and (b) to agree to and be bound by the Scheme and to receive the CS Cancellation Consideration in consideration for the cancellation of their CS Scheme Shares under the Scheme.

All Shareholders whose names appear on the Register as at the Meeting Record Date will be entitled to attend and vote on (i) the special resolution to be proposed at the EGM to approve and give effect to any reduction of share capital of the Company as a result of the cancellation and extinguishment of the Scheme Shares, and (ii) the ordinary resolution to maintain the issued share capital of the Company to the amount prior to the cancellation and extinguishment of the Scheme Shares by contemporaneously issuing to the Offeror such number of new Shares as is equal to the number of Scheme Shares cancelled and extinguished and the application of the credit arising in the Company’s books of accounts as a result of the cancellation and extinguishment of the Scheme Shares in paying up in full at par value the new Shares so issued to the Offeror.

CS IRREVOCABLE UNDERTAKINGS

On 14 December 2023, each of the Controlling Shareholders executed the CS Irrevocable Undertakings in favour of the Offeror and undertook:

- (a) to provide undertakings to the Grand Court (i) not to vote at the Court Meeting; and (ii) to agree to and be bound by the Scheme and to receive the CS Cancellation Consideration in consideration for the cancellation of their CS Scheme Shares under the Scheme;
- (b) to the extent permitted by Applicable Laws (including the Takeovers Code), to vote any CS Scheme Shares held by them in favour of any resolutions proposed at the EGM to implement the Scheme or which are necessary for the Scheme to become effective; and
- (c) it will not, from the date of the CS Irrevocable Undertakings until the Scheme becomes effective (or if earlier, the date the Scheme lapses or is withdrawn): (i) dispose of any interest in any Shares held by them; (ii) acquire, directly or indirectly, any additional Shares, securities or other interests of the Company; (iii) accept any other offer to acquire such Shares; or (iv) vote in favour of any resolution which is proposed in competition with the Scheme.

The CS Irrevocable Undertakings will be terminated if the Proposal lapses or is withdrawn, whichever is earlier.

ALIBABA INVESTMENTS IRREVOCABLE UNDERTAKING

On 14 December 2023, Alibaba Investments, which holds 165,000,000 Shares (representing approximately 13.50% of the issued Shares), executed the Alibaba Investments Irrevocable Undertaking in favour of the Offeror and undertook, among other things:

- (a) to exercise or procure the exercise of all voting rights attaching to its Shares, (i) to vote in favour of all resolutions to approve the Scheme, the Proposal and any matters in connection with such at the Court Meeting and the EGM; and (ii) against any resolution which (1) might reasonably be expected to restrict, impede or delay implementation of the Scheme and/or the Proposal; or (2) approves or gives effect to a proposal by a person other than the Offeror, to acquire (or have issued to it) any Shares or any assets of the Company or to privatise or delist the Company; and
- (b) not to: (i) directly or indirectly, sell, transfer, charge, encumber, grant any option over (or cause the same to be done) or otherwise dispose of any interest in its Shares; (ii) accept any other offer in respect of its Shares; (iii) except with the prior written consent of the Offeror, acquire, directly or indirectly, any additional shares, securities or other interests of the Company; and (iv) take any action or enter into any agreement or arrangement or permit any agreement or arrangement to be entered into or incur any obligation or permit any obligation to arise, which would or might impede or otherwise preclude the performance of the terms of the Alibaba Investments Irrevocable Undertaking.

The Alibaba Investments Irrevocable Undertaking will immediately terminate if, among others, the Scheme or the Proposal does not obtain the required approvals or does not become effective on or before the 180th day following the execution of the Alibaba Investments Irrevocable Undertaking.

SHAREHOLDING STRUCTURE OF THE COMPANY

As at the Latest Practicable Date:

- (a) the authorised share capital of the Company was HK\$80,000,000 divided into 8,000,000,000 Shares, of which 1,222,384,600 Shares are in issue;
- (b) the Offeror does not legally or beneficially own, control or have direction over any Shares;
- (c) the Offeror Concert Parties beneficially own, control or have direction over 589,218,000 Shares, representing approximately 48.20% of the issued Shares;
- (d) Rainbow Capital is the financial adviser to the Offeror in connection with the Proposal. Accordingly, Rainbow Capital is presumed to be acting in concert with the Offeror in relation to the Company in accordance with class 5 of the definition of “acting in concert” under the Takeovers Code. As at the Latest Practicable Date, Rainbow Capital does not hold any Shares;

- (e) the Scheme Shareholders hold 1,222,384,600 Shares, representing 100.00% of the issued Shares;
- (f) the Controlling Shareholders hold 586,850,400 Shares, representing approximately 48.01% of the issued Shares, of which (i) 507,873,400 Shares are held by Long Capital (representing approximately 41.55% of the issued Shares), and (ii) 78,977,000 Shares are held by Telewise Group (representing approximately 6.46% of the issued Shares);
- (g) the Independent Shareholders legally or beneficially own, control or have direction over a total of 633,166,600 Shares, representing approximately 51.80% of the issued Shares;
- (h) there are no convertible securities, warrants or options in respect of the Shares held, controlled or directed by the Offeror and the Offeror Concert Parties;
- (i) none of the Offeror nor any of the Offeror Concert Parties have had any dealings for value in the Shares during the Relevant Period;
- (j) neither the Offeror nor any of the Offeror Concert Parties have entered into any outstanding derivative in respect of the securities in the Company; and
- (k) neither the Offeror nor any of the Offeror Concert Parties have borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company.

Subject to the Scheme becoming effective, the CS Scheme Shares will be cancelled and extinguished in consideration for the Cancellation Price, which will be satisfied by the CS Cancellation Consideration. All other Scheme Shares will be cancelled and extinguished in consideration for the Cancellation Price, which will be payable in cash.

The shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) upon completion of the Proposal is set out in the section headed “Shareholding Structure of the Company” in the Explanatory Memorandum in Part VI of this Scheme Document.

INFORMATION ON THE GROUP

Your attention is drawn to the section headed “Information on the Group” in the Explanatory Memorandum in Part VI of this Scheme Document.

INFORMATION ON THE OFFEROR AND THE OFFEROR CONCERT PARTIES

Your attention is drawn to the section headed “Information on the Offeror and the Offeror Concert Parties” in the Explanatory Memorandum in Part VI of this Scheme Document.

INTENTION OF THE OFFEROR WITH REGARD TO THE GROUP

Your attention is drawn to the section headed “Intention of the Offeror with regard to the Group” in the Explanatory Memorandum in Part VI of this Scheme Document.

The Board welcomes the intention of the Offeror in respect of the Company and its employees and will cooperate with and provide full support to the Offeror to facilitate the continued smooth business operations and management of the Group.

FINANCIAL ADVISER TO THE OFFEROR, INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

Your attention is drawn to the section headed “Financial Adviser to the Offeror, Independent Board Committee and Independent Financial Adviser” in the Explanatory Memorandum in Part VI of this Scheme Document.

The full text of the letter from the Independent Board Committee and the letter from the Independent Financial Adviser is set out in Part IV and Part V of this Scheme Document, respectively.

REASONS FOR AND BENEFITS OF THE PROPOSAL

Your attention is drawn to the section headed “Reasons for and benefits of the Proposal” in the Explanatory Memorandum in Part VI of this Scheme Document.

WITHDRAWAL OF LISTING

Your attention is drawn to the section headed “Withdrawal of Listing” in the Explanatory Memorandum in Part VI of this Scheme Document.

OVERSEAS SCHEME SHAREHOLDERS

Your attention is drawn to the section headed “Overseas Scheme Shareholders” in the Explanatory Memorandum in Part VI of this Scheme Document.

TAXATION ADVICE

Your attention is drawn to the section headed “Taxation advice” in the Explanatory Memorandum in Part VI of this Scheme Document.

COSTS OF THE SCHEME

Your attention is drawn to the section headed “Costs of the Scheme” in the Explanatory Memorandum in Part VI of this Scheme Document.

ACTIONS TO BE TAKEN

Your attention is drawn to the section headed “ACTIONS TO BE TAKEN” at pages i to vi of this Scheme Document.

COURT MEETING AND EGM

Notices convening the Court Meeting and the EGM to be held at 5/F, United Centre, 95 Queensway, Hong Kong on Monday, 19 February 2024, in the case of the Court Meeting at 9:00 a.m. and, in the case of the EGM at 10:00 a.m. (or as soon as practicable after the conclusion or adjournment of the Court Meeting), are set out in Appendix IV and Appendix V to this Scheme Document respectively.

The Grand Court has directed the Court Meeting to be convened and held for the purpose of considering and, if thought fit, approving (with or without modifications) the Scheme. The Scheme is subject to the approval by the Scheme Shareholders at the Court Meeting in the manner referred to in Conditions (a) and (b) in the paragraph headed “Conditions of the Proposal and the Scheme” under the section headed “Terms of the Proposal” in the Explanatory Memorandum in Part VI of this Scheme Document.

As soon as practicable after the conclusion or adjournment of the Court Meeting, the EGM will be held for the purpose of considering and, if thought fit, approving all resolutions necessary for the implementation of the Proposal in the manner referred to in Condition (c) in the paragraph headed “Conditions of the Proposal and the Scheme” under the section headed “Terms of the Proposal” in the Explanatory Memorandum in Part VI of this Scheme Document. An announcement will be jointly made by the Offeror and the Company in relation to the results of the Court Meeting and the EGM. Such announcement will contain the information as required by Rule 19.1 of the Takeovers Code.

RECOMMENDATIONS

Your attention is drawn to (i) the letter from the Independent Board Committee in Part IV of this Scheme Document; and (ii) the letter from the Independent Financial Adviser in Part V of this Scheme Document which sets out the factors and reasons taken into account by the Independent Financial Adviser in arriving at its advice to the Independent Board Committee.

FURTHER INFORMATION

You are urged to read the whole of this Scheme Document, in particular:

- (a) the letter from the Independent Board Committee in Part IV of this Scheme Document;
- (b) the letter from the Independent Financial Adviser in Part V of this Scheme Document;
- (c) the Explanatory Memorandum in Part VI of this Scheme Document;
- (d) the appendices to this Scheme Document, including the Scheme set out in Appendix III of this Scheme Document; and
- (e) the notice of Court Meeting and the notice of EGM set out in Appendix IV and Appendix V respectively to this Scheme Document.

In addition, a **pink** form of proxy for the Court Meeting and a **white** form of proxy for the EGM are enclosed with this Scheme Document.

Shareholders and potential investors of the Company should be aware that the Proposal is subject to the Conditions being fulfilled or waived, as applicable, and therefore the Proposal may or may not be implemented. Shareholders and potential investors of the Company should therefore exercise caution when dealing in securities of the Company. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.

By order of the Board
Sinsoft Technology Group Limited
Ms. Xin Yingmei
Chairlady

The following is a full text of the letter from the Independent Board Committee prepared for the purpose of inclusion into this Scheme Document.



SINOSOFT
TECHNOLOGY

SINOSOFT TECHNOLOGY GROUP LIMITED

中國擎天軟件科技集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1297)

26 January 2024

To the Independent Shareholders

Dear Sir or Madam,

**(1) PROPOSAL FOR THE PRIVATISATION OF
SINOSOFT TECHNOLOGY GROUP LIMITED
BY THE OFFEROR
BY WAY OF A SCHEME OF ARRANGEMENT
UNDER SECTION 86 OF THE COMPANIES ACT
OF THE CAYMAN ISLANDS;
AND
(2) PROPOSED WITHDRAWAL OF LISTING OF
SINOSOFT TECHNOLOGY GROUP LIMITED**

We refer to the scheme document dated 26 January 2024 jointly issued by the Offeror and the Company in relation to the Proposal (the “**Scheme Document**”), of which this letter forms part. Unless the context requires otherwise, capitalised terms used in this letter shall have the same meanings as those defined in the Scheme Document.

We have been appointed by the Board as members of the Independent Board Committee to give a recommendation to the Independent Shareholders in respect of the Proposal and the Scheme and as to voting of the relevant resolutions at the Court Meeting and the EGM.

Elstone Capital Limited has been appointed, with our approval, as the Independent Financial Adviser to advise us in respect of the Proposal and the Scheme and our advice as to voting of the relevant resolutions at the Court Meeting and the EGM. The details of its advice and the principal factors taken into consideration in arriving at its advice are set out in the “Letter from the Independent Financial Adviser” in Part V of the Scheme Document.

Having considered the terms of the Proposal and the Scheme, and having taken into account the advice of the Independent Financial Adviser, and in particular, the factors, reasons and recommendations set out in its letter, we consider that the terms of the Proposal and the Scheme are fair and reasonable so far as the Independent Shareholders are concerned.

Accordingly, we recommend that:

- (a) the Independent Shareholders to vote IN FAVOUR OF the resolution to approve the Scheme at the Court Meeting; and
- (b) the Shareholders to vote IN FAVOUR OF the special resolution and the ordinary resolution in connection with the implementation and completion of the Proposal at the EGM.

We draw the attention of the Independent Shareholders to (a) the “Letter from the Board” as set out in Part III of the Scheme Document; (b) the “Letter from the Independent Financial Adviser”, which sets out the factors and reasons taken into account by the Independent Financial Adviser in arriving at its advice to the Independent Board Committee as set out in Part V of the Scheme Document; and (c) the Explanatory Memorandum as set out in Part VI of the Scheme Document.

Yours faithfully,

For and on behalf of the

Independent Board Committee

Mr. Chan Choo Tee

Mr. Li Dong

Mr. Zong Ping

Independent non-executive Directors

The following is the full text of the letter from Elstone Capital Limited setting out its advice to the Independent Board Committee in respect of the Proposal and the Scheme, which has been prepared for the purpose of inclusion in the Scheme Document.

26 January 2024

To the Independent Board Committee

Dear Sirs,

**(1) PROPOSAL FOR THE PRIVATISATION OF
SINOSOFT TECHNOLOGY GROUP LIMITED
BY THE OFFEROR
BY WAY OF A SCHEME OF ARRANGEMENT
UNDER SECTION 86 OF THE COMPANIES ACT
OF THE CAYMAN ISLANDS;
AND
(2) PROPOSED WITHDRAWAL OF LISTING OF
SINOSOFT TECHNOLOGY GROUP LIMITED**

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee on the Proposal and the Scheme, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the Scheme Document of which this letter forms part. Capitalised terms used in this letter shall have the same meaning as defined in the Scheme Document unless the context requires otherwise.

On 8 December 2023, the Offeror requested the Board to put forward the Proposal to the Scheme Shareholders for the proposed privatisation of the Company by way of the Scheme, which, if approved and implemented, will result in the Company being taken private by the Offeror and the withdrawal of the listing of the Shares, under section 86 of the Companies Act.

As at the Latest Practicable Date, the issued share capital of the Company was 1,222,384,600 Shares, representing 100% of the Scheme Shares. There were no other outstanding options, warrants, derivatives, convertible securities or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) issued by the Company that carry a right to subscribe for or which are convertible into Shares.

On the basis of the Cancellation Price of HK\$0.330 per Scheme Share and 1,222,384,600 Scheme Shares in issue as at the Latest Practicable Date, the Scheme Shares are in aggregate valued at approximately HK\$403,386,918, of which the Cancellation Price in the amount of HK\$209,726,286 (being the difference between the aggregate value of the Scheme Shares and the CS Cancellation Consideration) will be settled in cash.

Upon the Scheme becoming effective, all Scheme Shares will be cancelled and extinguished (with the equivalent number of new Shares being contemporaneously issued and credited as fully paid to the Offeror) and the share certificates for the Scheme Shares will thereafter cease to have effect as documents or evidence of title. The Company will make an application for the listing of the Shares to be withdrawn from the Stock Exchange in accordance with Rule 6.15 of the Listing Rules, with effect from the next Business Day following the Effective Date.

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee, consisting of all independent non-executive Directors, being Mr. Chan Choo Tee, Mr. Li Dong and Mr. Zong Ping, has been established by the Board to make a recommendation to the Independent Shareholders as to whether (i) the Proposal, and in particular the Scheme, is fair and reasonable; and (ii) to vote in favour of the resolutions in connection with the implementation of the Proposal at the EGM and the Scheme at the Court Meeting. Mr. Ren Geng, the non-executive Director, is presumed to be one of the Offeror Concert Parties by virtue of falling into class (6) of the definition of “acting in concert” in the Takeovers Code. Accordingly, Mr. Ren Geng is regarded as being interested in the Proposal for the purpose of Rule 2.8 of the Takeovers Code.

We, Elstone Capital Limited, have been appointed by the Company with the approval of the Independent Board Committee as the Independent Financial Adviser to advise the Independent Board Committee on the Proposal and the Scheme pursuant to Rule 2.1 of the Takeovers Code.

OUR INDEPENDENCE

We are not associated or connected with the Company or the Offeror, their respective substantial or controlling shareholders or any party acting, or presumed to be acting, in concert with any of them. In the past two years, there was no engagement between Elstone Capital on the one hand and the Group or the Offeror or the parties acting in concert with them on the other. Apart from normal professional fees paid or 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 or the Offeror, their respective substantial or controlling shareholders or any party acting, or presumed to be acting, in concert with any of them. Accordingly, we are considered eligible to give an independent advice in respect of the Proposal and the Scheme.

BASIS OF OUR OPINION

In formulating our opinion and advice, we have reviewed, among others, (i) the Scheme Document; (ii) the annual reports of the Company for the years ended 31 December 2021 and 2022; (iii) the interim report of the Company for the six months ended 30 June 2023; and (iv) the unaudited consolidated management accounts of the Group for the 11 months ended 30 November 2023. We have relied on the information and facts supplied, and the opinions expressed, by the Directors and the management of the Company, which we have assumed to be true, accurate and complete at the time when they were made and continue to be so as at the Latest Practicable Date, and should there be any material changes to our opinion after the Latest Practicable Date and up to the end of the Offer Period, the Independent Board Committee and the Independent Shareholders would be notified as soon as possible in accordance with Rule 9.1 of the Takeovers Code. We have also sought and received confirmation from the Directors that no material facts

have been omitted from the information supplied and that the information which we have received is sufficient to enable us to reach our opinion and provide the advice as set out in this letter. We have no reason to doubt the truth and accuracy of the information provided to us or to believe that any material facts have been omitted or withheld. We have also assumed that all representations contained or referred to in the Scheme Document were true as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion and intention made in the Scheme Document were reasonably made after due enquiry. 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 Group, the Offeror or any of their respective associates.

In formulating our opinion, we have also made reference to certain Comparable Companies and Privatisation Precedents (both defined hereafter) for analysis purpose and the relevant information was obtained from the website of the Stock Exchange and Bloomberg. We have not, however, carried out any independent verification of the information available to us regarding the Comparable Companies and the Privatisation Precedents, nor have we conducted an independent investigation into the business and affairs, financial condition and future prospects of the companies involved. Our opinion is necessarily based upon the financial, economic, market, regulatory and other conditions as they existed on, and the facts, information, representations, and opinions made available to us as of the Latest Practicable Date.

We have not considered the tax, regulatory and other legal implications on the Shareholders in respect of the Proposal and the Scheme, since these depend on their individual circumstances. In particular, the Shareholders who are overseas residents or subject to overseas taxation or Hong Kong taxation on security dealings should consider their own tax position and, if in any doubt, should consult their own professional advisers.

PRINCIPAL TERMS OF THE PROPOSAL

The terms set out below are summarised from the Letter from the Board and the Explanatory Memorandum contained in the Scheme Document. The Scheme Shareholders are encouraged to read the Scheme Document and its appendices in full.

1. The Proposal

If the Proposal is approved and implemented, under the Scheme:

- (a) all of the 1,222,384,600 Scheme Shares held by the Scheme Shareholders will be cancelled and extinguished on the Effective Date in consideration for the Cancellation Price, which (i) with respect to the Cancellation Price payable for the Scheme Shares (other than the CS Scheme Shares (being the 586,850,400 Scheme Shares held by the Controlling Shareholders representing approximately 48.01% of the issued Shares) which will be cancelled and extinguished in consideration for the CS Cancellation Consideration instead (being the amount equivalent to the aggregate amount of the Cancellation Price with respect to all the CS Scheme Shares, which will be applied to credit as fully paid the unpaid Offeror Shares held by the

Controlling Shareholders)), will be paid in cash, and (ii) with respect to the Cancellation Price payable for the CS Scheme Shares, will be satisfied by the receipt of the CS Cancellation Consideration;

- (b) contemporaneously with the cancellation of the Scheme Shares, the issued share capital of the Company will be maintained by the issuance at par value to the Offeror, credited as fully paid, of the aggregate number of Shares as is equal to the number of Scheme Shares cancelled and extinguished, such that the Company will become wholly-owned by the Offeror. The reserve created in the Company's books of account as a result of the cancellation and extinguishment of the Scheme Shares will be applied in paying up in full at par value the new Shares so issued to the Offeror; and
- (c) upon the Scheme becoming effective, the Company will make an application to the Stock Exchange in accordance with Rule 6.15 of the Listing Rules for the withdrawal of the listing of the Shares on the Stock Exchange with effect from the next Business Day following the Effective Date.

In compliance with Rule 20.1(a) of the Takeovers Code, after the Scheme has become effective, the Cancellation Price for the cancellation of the Scheme Shares (other than the CS Scheme Shares) will be paid to the relevant Scheme Shareholders whose names appear in the Register on the Scheme Record Date as soon as possible, but in any event no later than seven business days (as defined in the Takeovers Code) after the Effective Date.

2. Cancellation Price

Under the Scheme, the Cancellation Price of HK\$0.330 per Scheme Share will be payable by the Offeror to the Scheme Shareholders in the form of (a) the Cash Cancellation Consideration for the cancellation and extinguishment of the Scheme Shares (other than the CS Scheme Shares) held by the Scheme Shareholders; and (b) the CS Cancellation Consideration for the cancellation and extinguishment of the CS Scheme Shares held by the Controlling Shareholders.

As set out in the Letter from the Board, the Cancellation Price has been determined on a commercial basis after taking into account, among other things, the recent and historical traded prices of the Shares and with reference to other privatisation transactions in Hong Kong in recent years.

The Company does not intend to declare and/or pay any dividend before the Effective Date or the date on which the Scheme is not approved, or the Proposal otherwise lapses or is withdrawn (as the case may be). However, if, after the Latest Practicable Date, any dividend and/or other distribution and/or other return of capital is announced, declared or paid in respect of the Shares, the Offeror reserves the right to reduce the Cancellation Price by all or any part of the amount or value of such dividend, distribution and/or, as the case may be, return of capital after consultation with the Executive, in which case any reference in the Scheme Document or any other announcement or document to the Cancellation Price will be deemed to be a reference to the Cancellation Price as so reduced.

The Offeror will not increase the Cancellation Price and does not reserve the right to do so. Shareholders and potential investors should be aware that, following the making of this statement, the Offeror will not be allowed to increase the Cancellation Price.

3. Conditions of the Proposal and the Scheme

The implementation of the Proposal and the Scheme is subject to the Conditions being fulfilled or waived, as applicable, and therefore the Proposal may or may not be implemented and the Scheme may or may not become effective. As at the Latest Practicable Date, none of the Conditions have been fulfilled or waived (as the case may be). Details of the Conditions are set out in the section headed “*CONDITIONS OF THE PROPOSAL AND THE SCHEME*” of the Letter from the Board.

PRINCIPAL FACTORS AND REASONS CONSIDERED

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

1. Information and prospects of the Group

The Company is an investment holding company and the Group is principally engaged in businesses covering government big data software and related services (the “**Big Data Business**”) and low carbon and ecology software and related services (the “**Low Carbon Business**”).

According to the annual report of the Company for the year ended 31 December 2022 (the “**2022AR**”), the Big Data Business and the Low Carbon Business accounted for approximately 95.4% and 4.6% of the total revenue of the Group for the year ended 31 December 2022 (“**FY2022**”).

1.1 Historical financial performance of the Group

The following table summarises the consolidated income statement of the Group for the three years ended 31 December 2020 (“FY2020”), 31 December 2021 (“FY2021”) and FY2022 with reference to the Company’s annual report for FY2021 (the “2021AR”) and the 2022AR, and for the six months ended 30 June 2022 (“6M2022”) and 30 June 2023 (“6M2023”) with reference to the interim report for 6M2023 (the “2023IR”), respectively:

	For the year ended 31 December			For the six months ended	
	2020	2021	2022	2022	2023
	RMB'000 (audited)	RMB'000 (audited)	RMB'000 (audited)	RMB'000 (unaudited)	RMB'000 (unaudited)
Revenue	533,809	586,413	572,174	203,876	143,553
Big Data Business	462,769	506,795	545,924	193,371	142,192
Low Carbon Business	71,040	79,618	26,250	10,505	1,361
Profit/(loss) for the year/ period	513,354	15,013	(153,674)	2,486	(59,001)
Profit/(loss) for the year/ period attributable to owners of the Company	515,940	15,806	(152,839)	3,321	(59,001)

FY2021 vs FY2020

Revenue of the Group slightly increased from approximately RMB533.8 million for FY2020 to approximately RMB586.4 million for FY2021. Revenue from both the Big Data Business and the Low Carbon Business increased. During FY2020, in order to exert more of the Group’s focus on the Big Data Business and Low Carbon Business, the Group disposed its export enterprise cloud-based software and services business, which was classified as discontinued operation.

The Group’s overall segment results which represent the sum of revenue and value-added tax refund less cost of sales and research and development costs, decreased by approximately 41.8% from approximately RMB183.1 million for FY2020 to approximately RMB106.6 million for FY2021, primarily due to (i) the cost of sales which was largely made up of amortisation of capitalised software development cost and costs for purchasing system and components increased from approximately RMB294.5 million for FY2020 to approximately RMB398.6 million for FY2021; and (ii) the research and development cost increased from approximately RMB59.7 million for FY2020 to approximately RMB81.3 million for FY2021. Overall segment results margin decreased from approximately 34.3% for FY2020 to approximately 18.2% for FY2021.

The Group's net profit attributable to owners of the Company significantly decreased from approximately RMB515.9 million for FY2020 to approximately RMB15.8 million for FY2021. Such decrease was mainly attributable to the combined effect of (i) the increase in cost of sales and research and development cost as stated above; and (ii) the absence of an one-off disposal gain for FY2021 while a disposal gain resulted from the disposal of the Group's export enterprise cloud-based software and services business of approximately RMB409.3 million was recorded for FY2020.

FY2022 vs FY2021

Revenue of the Group slightly decreased from approximately RMB586.4 million for FY2021 to approximately RMB572.2 million for FY2022. Such decrease was mainly due to the decrease in revenue generated from the Low Carbon Business by approximately 67.0% from approximately RMB79.6 million for FY2021 to approximately RMB26.3 million for FY2022, as a result of the decreased demand for low carbon and ecology products under the challenging economic environment.

The Group's overall segment results substantially decreased by approximately 66.3% from approximately RMB106.6 million for FY2021 to RMB35.9 million for FY2022, primarily due to (i) the cost of sales which is largely made up of amortisation of capitalised software development cost and costs for purchasing system and components, increased from approximately RMB398.6 million for FY2021 to RMB419.0 million for FY2022; and (ii) the research and development cost increased from approximately RMB81.3 million for FY2021 to approximately RMB117.2 million for FY2022. Overall segment results margin further dropped from approximately 18.2% for FY2021 to approximately 6.3% for FY2022.

The Group recorded substantial loss attributable to owners of the Company of approximately RMB152.8 million for FY2022 as compared to the net profit attributable to owners of the Company of approximately RMB15.8 million for FY2021 mainly due to (i) the above-mentioned increase in cost of sales and research and development costs for FY2022; (ii) the increase in impairment losses recognised on net trade receivables from approximately RMB12.8 million for FY2021 to approximately RMB93.9 million for FY2022; and (iii) the increase in impairment losses recognised on intangible assets from nil for FY2021 to approximately RMB41.0 million for FY2022.

6M2023 vs 6M2022

The Group's revenue decreased by approximately 29.6% from approximately RMB203.9 million for 6M2022 to approximately RMB143.6 million for 6M2023. Revenue generated from the Big Data Business decreased from approximately RMB193.4 million for 6M2022 to approximately RMB142.2 million for 6M2023, which was attributable to the decrease in demand for traditional government information products due to clients' tight budget in information technology under the difficult economic environment during 6M2023. Revenue generated from the Low Carbon Business decreased from approximately RMB10.5 million for 6M2022 to approximately RMB1.4 million for 6M2023, mainly due to the

decreased demand for low carbon and ecology products under the challenging economic environment. The Group recorded a segment loss of approximately RMB22.8 million for 6M2023 as compared to segment profit of approximately RMB16.9 million for 6M2022.

The Group recorded net loss attributable to owners of the Company of approximately RMB59.0 million for 6M2023, as compared to net profit attributable to owners of the Company of approximately RMB3.3 million for 6M2022, which was mainly due to (i) the above-mentioned decrease in revenue for 6M2023; (ii) the increase in impairment losses recognised on net trade receivables from approximately RMB3.6 million for 6M2022 to approximately RMB16.2 million for 6M2023; and (iii) the decrease in other income and gains from approximately RMB26.4 million for 6M2022 to approximately RMB5.9 million for 6M2023 as a result of the gain on disposal of a subsidiary during 6M2022.

Dividends

The Company declared dividend per Share of RMB20.05 cents, nil, nil and nil for FY2020, FY2021, FY2022 and 6M2023 respectively.

Overall, given that the Group's performance and profitability declined under the above review period and the Group has not declared any dividends since FY2021, it is uncertain and difficult to predict if there will be any dividend for the Shareholders in the near future. Therefore, the Proposal provides an opportunity for the Scheme Shareholders to realise their investment in the Company at a premium to the recent historical prices of the Shares and redeploy the proceeds towards other investment opportunities.

1.2 Historical financial position of the Group

The following table summarises the consolidated statement of financial position of the Company as at 31 December 2021 and 2022 with reference to the 2022AR and as at 30 June 2023 with reference to the 2023IR:

	As at 31 December		As at 30 June
	2021	2022	2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(audited)	(audited)	(unaudited)
Total assets	2,235,073	2,119,175	2,068,763
Total liabilities	291,006	325,080	333,669
Net asset attributable to owners of the Company	1,946,934	1,794,095	1,735,094

As at 31 December 2022, the Group's total assets were approximately RMB2,119.2 million, which primarily include, among others, (i) trade, bills and other receivables of approximately RMB1,383.1 million, (ii) intangible assets consist of capitalised software costs and purchased software of approximately RMB302.0 million, and (iii) bank balance and cash of approximately RMB118.3 million. The Group's trade customers are principally government agencies and the Group offered credit terms to them with reference to the expected timing of settlement within a year. A longer credit term may be extended to certain customers depending on price, size of the contract, credibility and reputation of the customers. As stated in the 2022AR, subsequent to FY2022 and as at the date of the 2022AR, the Group has collected approximately RMB118.1 million of trade receivables, representing approximately 9.6% of the trade receivables outstanding as of 31 December 2022. For FY2022, the trade receivables turnover days decreased slightly by 13 days to 805 days from 818 days for FY2021. As at 31 December 2022, the Group's total liabilities were approximately RMB325.1 million, which primarily include, among others, (i) trade payable of approximately RMB86.9 million, (ii) other payables which mainly consist of tax payables of approximately RMB97.4 million, and (iii) deferred tax liabilities of approximately RMB88.9 million. Net assets attributable to owners of the Company amounted to approximately RMB1,794.1 million as at 31 December 2022.

As at 30 June 2023, the total assets of the Group were approximately RMB2,068.8 million, which primarily include, among others, (i) trade, bills and other receivables of approximately RMB1,344.9 million, (ii) intangible assets consist of capitalised software costs and other software of approximately RMB316.8 million, and (iii) bank balance and cash of approximately RMB193.6 million. As at 30 June 2023, the Group's total liabilities were approximately RMB333.7 million, which primarily include, among others, (i) trade payable of approximately RMB71.7 million, (ii) other payables of approximately RMB87.5 million, (iii) bank borrowing of approximately RMB89.3 million, and (iv) deferred tax liabilities of approximately RMB84.2 million. Net assets attributable to owners of the Company amounted to approximately RMB1,735.1 million as at 30 June 2023.

1.3 Prospects of the Group

We have reviewed the 2022AR and the 2023IR and noted that, being affected by a number of adverse factors such as the recurrence of the COVID-19 pandemic, coupled with factors including intensified geopolitical conflicts and rising risks of global stagflation, economic growth of the PRC has fallen to its lowest level in many years. The difficult economic environment inevitably slowed down the market demand for informatization products and adversely affected the Group. Faced with the uncertainties of the macro-economy, the business and operation of the Group were under great pressure.

Since 2023, the Chinese economy has been facing enormous challenges. As urgency in informatization construction demand of many customers has decreased, that has significantly impacted the Group's business development plan. As discussed in the sub-paragraph headed "*1.1 Historical financial performance of the Group*" above, given the above challenging factors, the Group recorded net loss attributable to owners of the Company of approximately RMB152.8 million for FY2022 and approximately RMB59.0 million for 6M2023.

The Group's revenue is largely made up of the Big Data Business, accounting for approximately 86.7%, 86.4%, 95.4% and 99.1% for FY2020, FY2021, FY2022 and 6M2023 respectively. Looking ahead, in view of the increasing trend of the revenue generated from the Big Data Business, the implementation of the Regulations on Regulating and Promoting Cross-Border Flows of Data (Solicitation) Opinion Draft (《規範和促進數據跨境流動規定(徵求意見稿)》) (the "Opinion Draft") issued by the Cyberspace Administration of China (國家互聯網信息辦公室) on 28 September 2023 may further impact the Company's business. According to the Opinion Draft, the proposed provisions are formulated to further implement the Measures for the Security Assessment of Outbound Data Transfer (《數據出境安全評估辦法》), which came into force on 1 September 2022, and Measures for the Standard Contract for Cross-Border Transfer of Personal Information (《個人信息出境標準合同辦法》), which came into force on 1 June 2023, and other provisions on data outbound transfer, in accordance with the relevant laws and for the purpose to safeguard national data security, protect personal information rights and interests, and to further regulate and promote the lawful, orderly and free flow of data.

The Opinion Draft proposed that entities which provide personal information of more than one million users overseas, and data processors that are acknowledged with important data and will transmit data overseas, must apply for outbound data security assessment. As confirmed with the Directors, the data processed by the Group in respect of its existing business are within China. However, since the Company, which is incorporated in Cayman Islands, provides software products for governments and enterprises and may process important data from the governments, the Directors consider that additional assessment such as how the Company as non-domestic company secure data security might be required when the Opinion Draft comes into effect. In this regard, the Directors are of the opinion that the Company's business prospects might be affected as the Company might face more competition with its domestic competitors. Further, should the Company wishes to expand its business in future which may involve transmitting data overseas, it will be required to comply with the requirements of the Opinion Draft, which may also cause uncertainty to its business prospects. The deadline for feedback was 15 October 2023. As at the Latest Practicable Date, there is no announcement on the effective date or details of implementation. The Opinion Draft also proposed that all local cyberspace administration agencies shall enhance their guidance to and supervision of the data processors in the data outbound transfer, strengthen the regulation before, during, and after the data outbound transfer. When the agencies discover substantial risk or security incidents in the data outbound transfer, they shall request data processors rectify and eliminate the potential risks. Should any data processors refuse to rectify or causes severe consequences, they shall order suspension of the data outbound transfer to safeguard the data security. All the aforesaid enhancement of relevant data regulations and policies would pose uncertainties on the Group and may increase the Company's compliance costs, further affecting the Company's business prospects.

Based on the above, we concur with the Board that the outlook and business environment remain uncertain and challenging for the Group in the foreseeable future.

2. Information on the Offeror and the intention of the Offeror

The Offeror is a company incorporated in the British Virgin Islands with limited liability and is set up for the implementation of the Proposal only. Ms. Xin is the sole director of the Offeror. As at the Latest Practicable Date, the Offeror does not own any Share.

The Offeror has 586,850,400 shares with a par value of HK\$0.01 each in issue, and owned as to 507,873,400 shares by Long Capital on an unpaid basis and 78,977,000 shares by Telewise Group on an unpaid basis. The Offeror does not have any subsidiaries. Upon the Scheme becoming effective, the Company and its subsidiaries will become subsidiaries of the Offeror.

As set out in the section headed “*INTENTION OF THE OFFEROR WITH REGARD TO THE GROUP*” of the Explanatory Memorandum, it is the intention of the Offeror that it will continue to carry on the current business of the Group following the implementation of the Proposal. The Offeror has no intention to make any major changes to the business of the Group, including any major redeployment of fixed assets or making any material change to the continued employment of employees of the Group, other than those in the ordinary course of business of the Group. The Offeror will continue to monitor the Group’s performance and implement appropriate strategies for the Group and its business. The Offeror does not intend to continue the listing of the Shares.

The Board is willing to cooperate with and provide full support to the Offeror to facilitate the continued smooth business operations and management of the Group.

3. CS Irrevocable Undertakings and Alibaba Investments Irrevocable Undertaking

On 14 December 2023, the Offeror received the irrevocable undertakings from each of the Controlling Shareholders (which holds approximately 48.01% of total issued Shares) where it undertook, among others,

- (a) to provide undertakings to the Grand Court (i) not to vote at the Court Meeting; and (ii) to agree to and be bound by the Scheme and to receive the CS Cancellation Consideration in consideration for the cancellation of their CS Scheme Shares under the Scheme;
- (b) to the extent permitted by Applicable Laws (including the Takeovers Code), to vote any CS Scheme Shares held by them in favour of any resolutions proposed at the EGM to implement the Scheme or which are necessary for the Scheme to become effective; and
- (c) it will not, from the date of the CS Irrevocable Undertakings until the Scheme becomes effective (or if earlier, the date the Scheme lapses or is withdrawn): (i) dispose of any interest in any Shares held by them; (ii) acquire, directly or indirectly, any additional Shares, securities or other interests of the Company; (iii) accept any other offer to acquire such Shares; or (iv) vote in favour of any resolution which is proposed in competition with the Scheme.

The Company also received irrevocable undertaking from Alibaba Investments, which holds 165,000,000 Shares (representing approximately 13.50% of the total issued Shares and approximately 26.06% of the issued Shares held by the Independent Shareholders), where it undertook, among others,

- (a) to exercise or procure the exercise of all voting rights attaching to its Shares, (i) to vote in favour of all resolutions to approve the Scheme, the Proposal and any matters in connection with such at the Court Meeting and the EGM; and (ii) against any resolution which (1) might reasonably be expected to restrict, impede or delay implementation of the Scheme and/or the

Proposal; or (2) approves or gives effect to a proposal by a person other than the Offeror, to acquire (or have issued to it) any Shares or any assets of the Company or to privatise or delist the Company; and

- (b) not to: (i) directly or indirectly, sell, transfer, charge, encumber, grant any option over (or cause the same to be done) or otherwise dispose of any interest in its Shares; (ii) accept any other offer in respect of its Shares; (iii) except with the prior written consent of the Offeror, acquire, directly or indirectly, any additional shares, securities or other interests of the Company; and (iv) take any action or enter into any agreement or arrangement or permit any agreement or arrangement to be entered into or incur any obligation or permit any obligation to arise, which would or might impede or otherwise preclude the performance of the terms of the Alibaba Investments Irrevocable Undertaking.

Further details of the CS Irrevocable Undertakings and Alibaba Investments Irrevocable Undertaking are set out under the sections headed “*CS IRREVOCABLE UNDERTAKINGS*” and “*ALIBABA INVESTMENTS IRREVOCABLE UNDERTAKING*” in the Letter from the Board.

4. Reasons for and benefits of the Proposal

As stated in the Explanatory Memorandum, the reasons for and benefits of the Proposal include:

- An opportunity to realise attractive cash return on investments and avoid uncertainties on macro-economic, regulations and policies and business outlook. Since 2021, various factors have posed continuous challenges to the development of the global economy. These include the COVID-19 pandemic, geopolitical conflicts such as the Russia-Ukraine crisis and the Middle East crisis, and policy shifts in more developed economies due to rising inflation. Moreover, the enhancement of relevant data regulations and policies issued by the PRC government may increase the Company’s compliance costs given the Company is a red-chip company, further affecting the Company’s business prospects. As a result of these factors, the Company is facing challenges and uncertainties.
- The Proposal provides an exit opportunity for the Scheme Shareholders to sell illiquid Shares at an attractive premium.
- Allow the Company more flexibility in implementing its long-term growth strategy. The successful implementation of the Proposal would enable the Company to implement a series of long-term growth strategies with more capital expenditure to expand the research and development resources to invest for the future growth. Furthermore, after the implementation of the Proposal, the Shares will be delisted from the Stock Exchange, which may help the Company save costs related to compliance and maintaining its listed status.

As analysed in the section headed “*1. Information and prospects of the Group*” in this letter, the Group performed poorly during FY2022 and 6M2023 due to the impact of uncertainties on macro-economic environment such as the tighten project budget of the Group’s government customers. The Group recorded

net losses attributable to owners of the Company of approximately RMB152.8 million for FY2022 and approximately RMB59.0 million for 6M2023. We concur with the Board that the market landscape and business environment remain uncertain and challenging for the Group.

From the Scheme Shareholders' perspective, we consider the Proposal provides a special opportunity to monetise their investment in Shares at a premium over the prevailing market prices, especially given the unsatisfactory share price performance, low liquidity of the Shares in recent years and uncertainty that any dividends will be declared and paid in near future, and may redeploy the proceeds towards other investment opportunities. Please refer to the sub-sections below headed "*5.2 Historical price performance of the Shares*" and "*5.3 Liquidity of the Shares*" in this letter for our further analysis in this regard.

From the Company's perspective, we have reviewed the announcements published by the Company and noted that the Group has not carried out any fundraising activities from the public equity market since 2018. Therefore, in view of such lack of public equity market utilisation, we concur with the Board that the costs and efforts required to maintain listing status of the Group may not be economically justified. Upon implementation of the Proposal, the Group (i) would have more flexibility in implementing its long-term growth strategy; and (ii) would reduce the ongoing costs for maintaining the listing status of the Company.

Based on the above, we consider that the Proposal is in the interests of the Company and the Scheme Shareholders as a whole.

5. Analysis on the Cancellation Price

In order to assess the fairness and reasonableness of the Cancellation Price, we have considered the following principal factors:

5.1 Cancellation Price comparisons

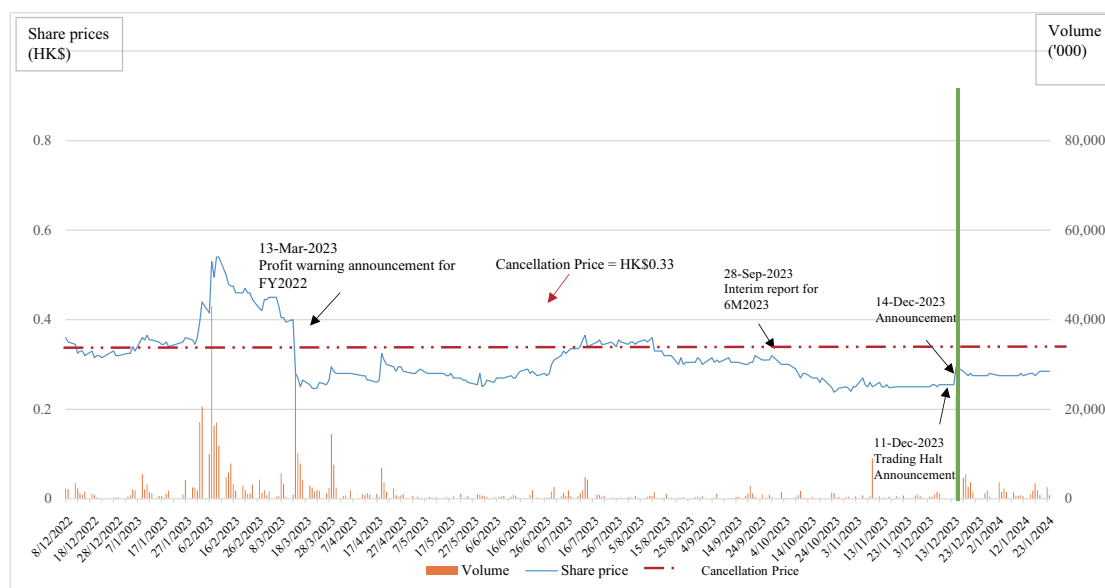
Under the Scheme, the Cancellation Price is HK\$0.330 per Scheme Share. The Cancellation Price per Scheme Share represents:

- (a) a premium of approximately 15.79% over the closing price of HK\$0.285 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (b) a premium of approximately 29.41% over the closing price of HK\$0.255 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (c) a premium of approximately 30.43% over the average closing price of approximately HK\$0.253 per Share as quoted on the Stock Exchange for the five trading days up to and including the Last Trading Day;
- (d) a premium of approximately 31.21% over the average closing price of approximately HK\$0.252 per Share as quoted on the Stock Exchange for the 10 trading days up to and including the Last Trading Day;

- (e) a premium of approximately 31.13% over the average closing price of approximately HK\$0.252 per Share as quoted on the Stock Exchange for the 30 trading days up to and including the Last Trading Day;
- (f) a premium of approximately 22.48% over the average closing price of approximately HK\$0.269 per Share as quoted on the Stock Exchange for the 60 trading days up to and including the Last Trading Day;
- (g) a premium of approximately 14.23% over the average closing price of approximately HK\$0.289 per Share as quoted on the Stock Exchange for the 180 trading days up to and including the Last Trading Day;
- (h) a discount of approximately 79.55% to the audited consolidated net asset value attributable to equity shareholders of the Company (“NAV”) per Share of approximately RMB1.468 (equivalent to approximately HK\$1.614 as at 31 December 2022 based on RMB to HK\$ exchange rate of RMB0.90967 to HK\$1 being the exchange rate as quoted by the People’s Bank of China as at the Latest Practicable Date); and
- (i) a discount of approximately 78.85% to the unaudited consolidated net asset value attributable to equity shareholders of the Company per Share of approximately RMB1.419 (equivalent to approximately HK\$1.560 as at 30 June 2023 based on RMB to HK\$ exchange rate of RMB0.90967 to HK\$1 being the exchange rate as quoted by the People’s Bank of China as at the Latest Practicable Date).

5.2 Historical price performance of the Shares

The chart below depicts the movements of the daily closing prices of the Shares for the period from 8 December 2022 up to and including the Latest Practicable Date (the “**Review Period**”) and the announcements of the Company relating to certain corporate events that took place during the Review Period. We consider that the Review Period, which covers a period of one year prior to the Last Trading Day and up to the Latest Practicable Date, is sufficient period of time to provide a general overview on the recent historical price performance of the Shares for the purpose of this analysis:



Sources: the website of the Stock Exchange and Bloomberg

As illustrated in the chart above, during the Review Period, the lowest and highest closing prices of the Shares were HK\$0.238 recorded on 25 October 2023 and HK\$0.54 recorded on 9 February 2023 and 10 February 2023 respectively. The Cancellation Price represents (i) a premium of approximately 38.66% over the lowest closing price; (ii) a premium of approximately 6.45% over the average closing price of HK\$0.31; and (iii) a discount of approximately 38.89% to the highest closing price of the Shares during the Review Period.

We noted that there was a surge in Share price from HK\$0.345 on 31 January 2023 to HK\$0.54 on 9 February 2023, after which the Share price plunged to HK\$0.25 on 16 March 2023. We have reviewed the announcements published by the Company on the Stock Exchange website, the Hang Seng Index and public news, and are not aware of any material information that might trigger the aforesaid price surge. We noted that on 13 March 2023 the Company issued a profit warning announcement for FY2022, which announced the expected loss for FY2022, which was attributable to (i) the recurring waves of the COVID-19 which have caused government departments at all levels to partially suspend their informalization plans in order to focus on combating the COVID-19, and therefore affected the demand for the Group's products; (ii) further provision for impairment losses on trade receivable made by the Group in the worsening economic environment; and (iii) the impairment of intangible assets due to business strategy adjustments.

The closing price of the Shares generally fluctuated within the range of HK\$0.246 to HK\$0.365 during the period from 16 March 2023 to 13 July 2023. Afterwards, the Share price demonstrated a general declining trend.

Trading in the Shares was suspended with effect from 9:00 a.m. on 11 December 2023 pending the issue of the Announcement. During the period from the first trading day after the publication of the Announcement and up to the Latest Practicable Date (i.e. from 15 December 2023 to 23 January 2024) (the “**Post Announcement Period**”), the closing price of the Shares had been trading below the Cancellation Price within a narrow band between HK\$0.275 and HK\$0.295.

The closing price of the Shares during the Review Period might reflect the market perception and expectation on the Group’s financial performance (it is uncertain as to whether the Share prices will rise to a level over the Cancellation Price in the future). From the Scheme Shareholders’ perspective, the Cancellation Price represents an immediate uplift in Shareholder’s value as compared to the recent Share price. We noted that the price surge of the Shares with unknown reason only last for a short period (i.e. approximately 30 trading days from 31 January 2023 to 13 March 2023) and the Shares have been trading at discount to the Cancellation Price in particular during the four months prior to the Announcement (where the Share price dropped from HK\$0.36 on 10 August 2023 to HK\$0.255 on Last Trading Day). The Scheme Shareholders should note that there is no assurance that the Share price will remain at the current level if the Proposal lapses.

5.3 Liquidity of the Shares

The following table sets out the total trading volume of the Shares per month/period, the average daily trading volume and the percentage of such average daily trading volume to the total issued Shares and the issued Shares held by the Independent Shareholders of the Company during the Review Period:

Months/Period	Total trading volume of the Shares for the month/period	Average daily trading volume of the Shares for the month/period <i>(Note 1)</i>	Percentage of average daily trading volume to the total issued Shares <i>(Note 2)</i>	Percentage of average daily trading volume of the Shares to the total number of the issued Shares held by the Independent Shareholders <i>(Note 3)</i>
2022				
December	17,396,000	1,159,733	0.09%	0.18%
2023				
January	33,681,000	1,871,167	0.15%	0.30%
February	177,378,025	8,868,901	0.73%	1.40%
March	105,101,000	4,569,609	0.37%	0.72%
April	26,378,400	1,551,671	0.13%	0.25%
May	8,723,200	415,390	0.03%	0.07%
June	13,357,000	636,048	0.05%	0.10%
July	22,363,800	1,118,190	0.09%	0.18%
August	8,982,800	390,557	0.03%	0.06%
September	11,925,400	627,653	0.05%	0.10%
October	10,031,400	501,570	0.04%	0.08%
November	16,996,800	772,582	0.06%	0.12%
1 December to Last Trading Day	5,105,000	850,833	0.07%	0.13%
15 December to 29 December	44,935,201	4,992,800	0.41%	0.79%
2024				
January (including and up to Latest Practicable Date)	25,791,600	1,611,975	0.13%	0.25%

Sources: the website of the Stock Exchange and Bloomberg

Notes:

1. Average daily trading volume is calculated by dividing the total trading volume for the month/period by the number of trading days in the respective month/period.
2. It is calculated by dividing the average daily trading volume for the month/period by the total issued Shares as at the end of each period/month.
3. It is calculated by dividing the average daily trading volume for the month/period by the total issued Shares held by the Independent Shareholders as at the end of each month/period.

We noted from the above table that the trading volume of the Shares was very thin during the Review Period, where the percentages of average daily trading volume of the Shares to the total issued Shares during the Review Period ranged from approximately 0.03% to approximately 0.73%, and the average daily trading volume of the Shares as a percentage of the total number of issued Shares held by the Independent Shareholders ranged from approximately 0.06% to approximately 1.40%. There has been surge since the release of the Announcement, which we consider to be mainly attributable to the reaction from the Scheme Shareholders/investors with respect to the Proposal. Given the historical thin trading volume of the Shares, the higher level of trading volume of the Post-Announcement Period may not be sustained if the Proposal lapses. It is uncertain whether there would be sufficient liquidity in the Shares for the Scheme Shareholders to dispose a significant number of Shares in the open market without causing an adverse impact on the market price of the Shares. Therefore, we consider that the Proposal provides a viable alternative exit for the Scheme Shareholders, especially those with relatively sizeable shareholdings, to liquidate their investment in Shares at a fixed price representing premium to the prevailing trading price.

Other than the surge of trading volume observed in February and March 2023, the average daily trading volume remained at a low level throughout the Review Period. It is uncertain as to whether there would be sufficient liquidity in the Shares for the Scheme Shareholders to dispose of a significant number of the Shares in the open market without depressing the trading price of the Shares.

5.4 Comparable Companies analysis

In assessing the fairness and reasonableness of the Cancellation Price, we consider that it is relevant to assess the Cancellation Price by making reference to market valuation for companies listed in Hong Kong which are principally engaged in business similar to those of the Group. We have identified a list of comparable companies (the “**Comparable Companies**”), which are (i) listed on the main board of the Stock Exchange with market capitalisation not exceeding HK\$500 million, which is within close range of the Company’s implied market capitalisation of approximately HK\$403 million; (ii) principally engaged in information technology business focusing on sale of software. In view of the aforesaid criteria, we consider the Comparable Companies would serve as a fair and representative sample for the purpose of our comparable analysis, and the list is exhaustive. The price-to-earning multiples (the “**P/E Multiples**”), price-to-book multiples (the “**P/B Multiples**”) and price-to-sales multiples (the “**P/S Multiples**”) of the Comparable Companies are set out as follows:

Company name (stock code)	Principal business	Market capitalisation (as at the Last Trading Day) <i>(HK\$ million)</i> <i>(Note 1)</i>	Revenue <i>(HK\$ million)</i> <i>(Note 10)</i>	Net assets <i>(HK\$ million)</i> <i>(Note 10)</i>	P/E Multiples (as at the Last Trading Day) <i>(approximate times)</i> <i>(Notes 2, 10)</i>	P/B Multiples (as at the Last Trading Day) <i>(approximate times)</i> <i>(Notes 3, 10)</i>	P/S Multiples (as at the Last Trading Day) <i>(approximate times)</i> <i>(Notes 5, 10)</i>
Founder Holdings Limited (418.HK)	Principally engaged in the sales of information products and software and sales of software development and system integration	492	958	1,001	14.05	0.49	0.51
InvesTech Holdings Limited (1087.HK)	Mainly engaged in network system integration business, including the provision of network infrastructure solutions, network professional services and software for mobile office automation software business	46	612	316	— <i>(Note 4)</i>	0.15	0.08

Company name (stock code)	Principal business	Market capitalisation (as at the Last Trading Day) <i>(HK\$ million)</i> <i>(Note 1)</i>	Revenue <i>(HK\$ million)</i> <i>(Note 10)</i>	Net assets <i>(HK\$ million)</i> <i>(Note 10)</i>	P/E Multiples (as at the Last Trading Day) <i>(approximate times)</i> <i>(Notes 2, 10)</i>	P/B Multiples (as at the Last Trading Day) <i>(approximate times)</i> <i>(Notes 3, 10)</i>	P/S Multiples (as at the Last Trading Day) <i>(approximate times)</i> <i>(Notes 5, 10)</i>
I/O Technology Company Limited (2708.HK)	Mainly engaged in the sales of intelligent terminal products sales, system integration, software development, and system maintenance services	91	1,037	648	— <i>(Note 4)</i>	0.15	0.10
Newlink Technology Inc (9600.HK) (“Newlink”)	Mainly engaged in software development and maintenance	440	287	915	22.92	0.48	1.54
		Minimum			14.05	0.15	0.08
		Maximum			22.92	0.49	1.54
		Mean			18.94	0.32	0.56
		Median			18.94	0.32	0.30
		Implied market capitalisation <i>(HK\$ million)</i> <i>(Note 6)</i>			Implied P/E Multiple <i>(approximate times)</i> <i>(Notes 8, 10)</i>	Implied P/B Multiple <i>(approximate times)</i> <i>(Notes 8, 10)</i>	Implied P/S Multiple <i>(approximate times)</i> <i>(Notes 9, 10)</i>
The Company (represented by the Cancellation Price)		403			— <i>(Note 7)</i>	0.21	0.64

Sources: the website of the Stock Exchange and Bloomberg

Notes: –

- (1) The market capitalisations are derived from the total number of issued shares and the closing price quoted on the Stock Exchange as at the Last Trading Day.
- (2) The P/E Multiples are derived from dividing the market capitalisation (based on the total number of issued shares and the closing price quoted on the Stock Exchange as at the Last Trading Day) by the profit attributable to shareholders of the respective Comparable Companies reported in their latest annual reports.

- (3) The P/B Multiples are derived from dividing the market capitalisation (based on the total number of issued shares and the closing price quoted on the Stock Exchange as at the Last Trading Day) by the net assets attributable to shareholders of the respective Comparable Companies reported in their latest interim reports.
- (4) The P/E Multiples are not applicable due to the net loss of the respective Comparable Companies reported in their latest annual reports.
- (5) The P/S Multiples are derived from dividing the market capitalisation (based on the total number of issued shares and the closing price quoted on the Stock Exchange as at the Last Trading Day) by the revenue of the respective Comparable Companies reported in their latest annual reports.
- (6) The implied market capitalisation of the Proposal is derived from the total number of issued Shares as at the Last Trading Day (i.e. 1,222,384,600 Shares) and the Cancellation Price.
- (7) The implied P/E Multiples of the Proposal is not applicable as the Group recorded net loss attributable to owners of the Company for FY2022.
- (8) The implied P/B Multiples of the Proposal is derived from dividing the implied market capitalisation (based on the total number of issued Shares as at the Last Trading Day and the Cancellation Price) by the net assets attributable to owners of the Company as at 30 June 2023.
- (9) The implied P/S Multiples of the Proposal is derived from dividing the implied market capitalisation (based on the total number of issued Shares as at the Last Trading Day and the Cancellation Price) by the revenue of the Company for FY2022.
- (10) The exchange rate of HK\$1: RMB0.91064, being the exchange rate on the date of the Announcement as announced by the People's Bank of China is adopted for illustration purpose.

As shown in the table above, the P/E Multiples of the Comparable Companies range from approximately 14.05 times to 22.92 times, with the mean and median both being approximately 18.94 times. We noted that the Group recorded net loss attributable to owners of the Company for FY2022 and after excluding the one-off items such as the impairment loss, the Group would still record net loss attributable to owners, therefore, the implied P/E Multiples are not applicable to the Company. We have also considered other alternative market ratios such as enterprise multiple, however, as the Group recorded a negative EBITDA for FY2022, the enterprise multiples are not applicable to the Company.

As shown in the table above, the P/B Multiples of the Comparable Companies range from approximately 0.15 times to 0.49 times, with the mean and median both being approximately 0.32 times. The implied P/B Multiples of the Company was approximately 0.21 times which is (i) within the range of the Comparable Companies; and (ii) below both mean and median of the P/B Multiples of the Comparable Companies.

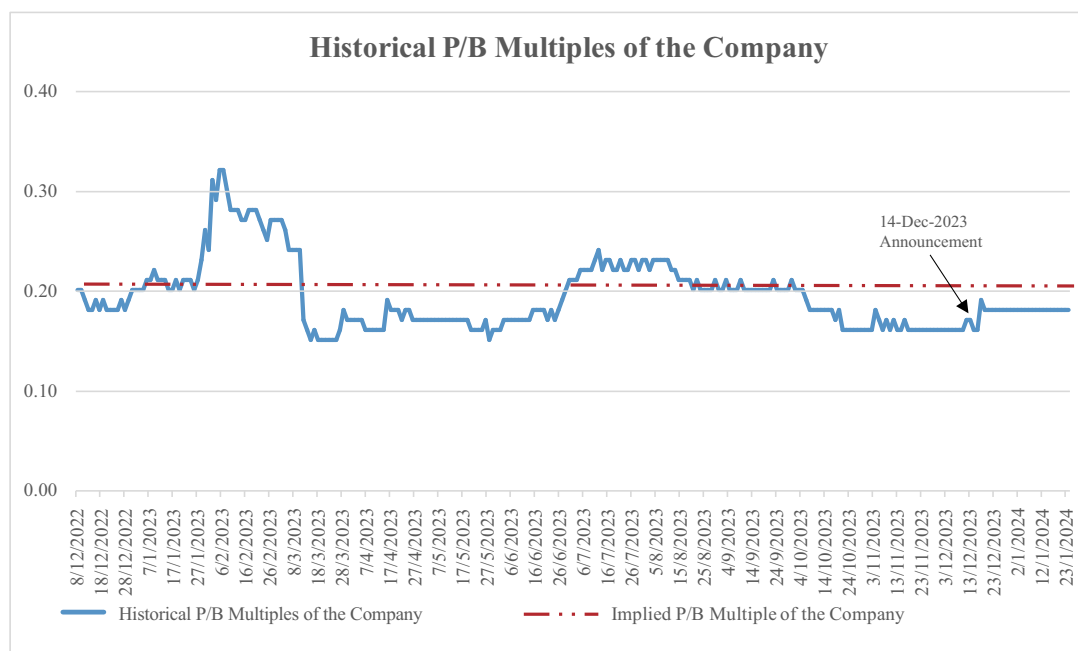
Having considered that (i) the Cancellation Price represents premium of approximately 29.41%, 31.13%, 22.48% over the average closing price of the Shares on the Last Trading Day, last 30 and 60 trading days, respectively; (ii) during the Review Period, the Shares in general have been trading in persistent deep discounts to the NAV per Share with a discount range of approximately 85.0% to 68.0% while the Shares are publicly and freely tradeable, such deep discounts indicate the market and investors may not value the Shares solely based on the NAV per Share but instead also

take into account various other factors, such as the business and financial performance as well as the future prospects; (iii) the P/B Multiples of the Company is within the range of the Comparable Companies despite it is below the average and median of the Comparable Companies; and (iv) as analysed in the sub-section headed “5.5 Historical discount to NAV per Share” below, the Group has a historical long-aged receivables trend and has recorded increased impairment loss on net trade receivables of approximately RMB93.9 million for FY2022 as compared to RMB12.8 million for FY2021, and thus the Group’s liquidity and asset quality would not improve, within short period of time, we therefore consider the Cancellation Price is still fair and reasonable.

P/S Multiple is appropriate for valuing companies which have volatile earnings or loss but relatively stable revenue. We consider the revenue stream of the Group has been stable and the adoption of P/S Multiple analysis is appropriate as evidenced by (i) according to the annual reports of the Company, the Company’s revenue was largely made up of the Big Data Business, accounting for approximately 86.7%, 86.4%, 95.4% and 99.1% for FY2020, FY2021, FY2022 and 6M2023 respectively; and (ii) the Group’s revenue maintained at similar level of approximately RMB533.8 million, RMB586.4 million and RMB572.2 million for FY2020, FY2021 and FY2022, respectively. While the P/E Multiple is not applicable and the P/B Multiple is not a relevant parameter as explained above, the P/S Multiple can be considered as a meaningful alternative to evaluate the fairness and reasonableness of the Cancellation Price. As shown in the table above, the P/S Multiples of the Comparable Companies range from approximately 0.08 times to 1.54 times, with the mean and median being approximately 0.56 times and 0.30 times respectively. Newlink has relatively high P/S Multiple of 1.54 times, which was mainly due to the rapid growth of the company in recent years following the expansion of its business presence in the industry. The implied P/S Multiple of the Company was approximately 0.64 times which is within the range of the Comparable Companies, and well above the median and the mean of the Comparable Companies.

5.5 Historical discount to NAV per Share

We noted the Cancellation Price represents a discount of approximately 78.85% to NAV per Share as at 30 June 2023. To better understand the pattern of discounts to NAV per Share, we have reviewed and set out below the P/B Multiples of the Company during the Review Period.



Source: Bloomberg

As illustrated above, it is noted that the Shares have been traded at persistent deep discounts to the NAV per Share during the Review Period, with historical P/B Multiples ranging from approximately 0.15 times to approximately 0.32 times. The increase in the Company's P/B Multiples from 31 January 2023 to 9 February 2023 is largely due to the surge in Share price for unknown reason as discussed in the sub-section headed "5.2 Historical price performance of the Shares" of this letter. During the Review Period, the average historical P/B Multiples of the Company is approximately 0.19 times. The implied P/B Multiple of 0.21 times calculated based on the Cancellation Price and the NAV per Share as at 30 June 2023, is higher than the average historical P/B Multiples of the Company. Based on the above, we consider the Cancellation Price representing a discount to NAV per Share is justifiable.

We also noted that as at 30 June 2023, the Group's current assets amounted to approximately RMB1,561 million, of which approximately RMB1,168 million was trade and bills receivables, representing approximately 74.82% of the Group's current assets. As trade receivables constituted substantial portion of the current assets of the Group, we conducted an analysis to compare its trade receivables position with the Comparable Companies, (i.e. companies with similar business nature of the Group) and their respective discounts of share price to net assets value, as set out below:

Company name (stock code)	Percentage of trade/account receivable and/or bill receivables (Note 1) to current assets	Trade/account receivables and/or bill receivables turnover days (Note 2)	Percentage of ageing over 1 year to total aging of trade/ account receivables and/ or bill receivables (Note 1)	Approximate discount of share price to NAV (Note 3)
Founder Holdings Limited (418.HK)	15.65%	66	10.20%	(50.86%)
InvesTech Holdings Limited (1087.HK)	42.29%	172	0.00%	(85.32%)
IBO Technology Company Limited (2708.HK)	58.92%	451	61.31%	(84.69%)
Newlink Technology Inc (9600.HK)	36.12%	269	51.12%	(51.85%)
	Minimum	66	0.00%	(85.32%)
	Maximum	451	61.31%	(50.86%)
	Mean	240	30.66%	(68.18%)
	Median	221	30.66%	(68.27%)
The Company (represented by the Cancellation Price)	74.82%	805	74.85%	(78.85%)

Notes:

1. Taking bills receivables into account only if it had been treated as one accounting item with account/trade receivables.
2. Trade/account receivable and/or bill receivables turnover days are calculated by the average of the trade and/or bill receivables balance at the beginning and the end of the year divided by the total revenue of the year times 365 days.
3. Based on the net assets attributable to shareholders of the respective Comparable Companies reported in their latest interim reports.

As illustrated in the table above, the Group (i) had the largest portion of trade/account receivable and/or bill receivables to current assets; (ii) had the longest trade/account receivable and/or bill receivables turnover days among the Comparable Companies; (iii) had the largest portion of trade/account receivable and/or bill receivables aging over one year as compared with the Comparable Companies. Although it was mentioned in the 2022AR that the Group's trade customers are principally government agencies and the Group offered credit terms to them with reference to the expected timing of settlement within a year, the Group had trade and bills receivables turnover of approximately 805 days for FY2022. With reference to the one year credit terms provided by the Group to their trade customers, as at 30 June 2023, approximately 74.85% the Group's trade and bills receivables were past due; (iv) recorded impairment loss on trade/account receivable and/or bill receivables through profit and loss as in the case of many Comparable Companies; and (v) traded within the range of the discount of share price to NAV of the Comparable Companies from 85.32% to 50.86%. Shareholders should note that each of the Comparable Companies has its own business model and cash conversion cycle and the Group's account receivable turnover days is the longest amongst the Comparable Companies. The Group has a historical long-aged receivables trend and has recorded increased impairment loss on net trade receivables of approximately RMB93.9 million for FY2022 as compared to RMB12.8 million for FY2021, and thus the Group's liquidity and asset quality would not improve, within short period of time, we therefore consider the Cancellation Price is still fair and reasonable.

To sum up, we noted that there is a substantial discount between the Cancellation Price and the NAV per Share. Nevertheless, the investors have been trading the Shares at the market price, which is a transacted price between a willing seller and a willing buyer in the market and reflects an even higher discount to the NAV per Share as compared to the discount represented by the Cancellation Price against the NAV per Share during the Review period on an informed basis. We therefore consider that such discount is not a significant and sole factor for the Scheme Shareholders in considering whether to invest in the Shares and the Scheme Shareholders are more concerned with the price performance of the Shares, future profitability and/or dividend payments of the Group. Although the discount on the NAV of the Company is substantial, we still consider the Cancellation Price to be fair and reasonable for the reasons set out below: (i) the Cancellation Price represents premium of approximately 29.41%, 31.13% and 22.48% over the average closing price of the Shares on the Last Trading Day, last 30 and 60 trading days, respectively; (ii) the trading liquidity of the Shares was extremely low during the Review Period, which may cause an adverse impact on the market price of the Shares if the Scheme Shareholders dispose a significant number of Shares in the open market, which may further affect the interest of the Scheme Shareholders; and (iii) during the Review Period, the Shares have been continuously traded in deep discounts to the NAV per Share, with a discount ranging from approximately 85.0% to 68.0%. As the Shares are publicly and freely tradeable, the consistent trading under deep discounts to the NAV per Share suggests that the market and investors do not solely value the Shares based on the NAV per Share but taking into account various other factors, such as the business and financial performance, future prospects and/or dividend payments of the Company.

5.6 Privatisation precedents

We have reviewed privatisation precedents of companies listed on the Stock Exchange based on the following selection criteria: (i) the privatisation was announced since 1 June 2022 (being approximately 18 months prior to the date of Announcement) and up to the date of the Announcement; (ii) the privatisation only involved cash; and (iii) the privatisation has been completed or approved by disinterested shareholders or the required acceptance level was achieved. Based on our research, we have identified an exhaustive list of 17 precedent privatisations (the “**Privatisation Precedents**”). We considered that a review period of 18 months is adequate and appropriate given that the average Hang Seng Index for such review period was approximately 19,129 points which is comparable to the average Hang Seng Index of approximately 17,067 points for the month prior to the date of the Announcement which may reflect a relatively similar market sentiment and the sample size of 17 Privatisation Precedents are sufficient and reasonable for our review purpose. In view of the aforesaid criteria, we consider the list to be fair and representative for the purpose of our comparable analysis, and the list is exhaustive. Although the Privatisation Precedents are engaged in different businesses, we consider the Privatisation Precedents are relevant reference for our analysis on the fairness and reasonableness of the Cancellation Price is adequate and appropriate given that the Privatisation Precedents would provide us with the recent and relevant information to demonstrate the pricing of successful privatisation of listed companies in Hong Kong. The Privatisation Precedents are fair, representative and exhaustive samples for our assessment of the Cancellation Price for illustrative purpose.

The table below illustrates the premiums/discounts of the cancellation/offer price offered by the Privatisation Precedents over/to the respective last trading day and respective last 30, 60 and 180 trading days average share price prior to the last trading day as well as the reported NAV per share of the Privatisation Precedents:

Date of the first Rule 3.5/3.7 announcement	Company (stock code)	Premium of cancellation/ offer price over the share price on the last trading day (Note 1)	Premium of cancellation/ offer price over 30 trading days average share price prior to the last trading day (Note 1)	Premium of cancellation/ offer price over 60 trading days average share price prior to the last trading day (Note 1)	Premium of cancellation/ offer price over 180 trading days average share price prior to the last trading day (Note 1)	Premium/ (discount) of cancellation/ offer price over/to the latest NAV/ reassessed NAV per share (Note 2)
15-Sep-23	Lansen Pharmaceutical Holdings Limited (503)	26.76%	20.00%	15.37%	23.29%	(22.08%)
3-Sep-23	CST Group Limited (985)	61.29%	36.61%	(1.38%)	(33.82%)	(60.68%)
27-Jun-23	Poly Culture Group Corporation Limited (3636)	77.60%	133.10%	129.80%	138.38%	(34.00%)
27-Jun-23	Dali Foods Group Company Limited (3799)	37.87%	30.21%	21.75%	12.95%	151.68%
25-Jun-23	Yongsheng Advanced Materials Company Limited (3608) (Note 3)	58.70%	52.90%	38.50%	28.67%	(41.50%)
11-Jun-23	Mason Group Holdings Limited (273)	20.70%	19.00%	12.70%	19.00%	(60.80%)
28-May-23	Golden Eagle Retail Group Limited (3308)	63.42%	55.30%	49.89%	45.15%	(47.40%)
8-May-23	Hailan Holdings Limited (2278)	5.00%	5.00%	5.11%	12.27%	(60.19%)
29-Mar-23	Inner Mongolia Yitai Coal Co., Ltd (3948)	54.87%	67.30%	64.17%	63.25%	(6.02%)
21-Feb-23	Jiangnan Group Limited (1366)	83.49%	101.44%	99.55%	77.48%	(65.44%)
17-Feb-23	AAG Energy Holdings Limited (2686)	10.10%	10.80%	24.20%	25.90%	(27.50%)
24-Oct-22	Kingston Financial Group Limited (1031)	47.78%	39.41%	33.27%	10.99%	(80.22%)
31-Aug-22	China Binary Sale Technology Ltd (8255)	35.10%	28.50%	17.00%	6.90%	(35.80%)
8-Aug-22	EVOC Intelligent Technology Co Ltd (2308)	15.13%	44.63%	50.86%	47.43%	(55.41%)
5-Aug-22	Lifestyle International Holdings Ltd (1212)	62.34%	70.11%	58.66%	30.01%	(52.83%)
9-Jun-22	China Vast Industrial Urban Development Co Ltd (6166)	30.43%	31.39%	36.90%	30.66%	(41.89%)
2-Jun-22	Xiamen International Port Co Ltd (3378)	97.37%	134.13%	150.00%	158.62%	(14.77%)
	Maximum	97.37%	134.13%	150.00%	158.62%	151.68%
	Minimum	5.00%	5.00%	(1.38%)	(33.82%)	(80.22%)
	Average	46.35%	51.75%	47.43%	41.01%	(32.64%)
	Median	47.78%	39.41%	36.90%	28.67%	(41.89%)
	The Company (represented by the Cancellation Price)	29.41%	31.13%	22.48%	14.23%	(78.85%)

Sources: the website of the Stock Exchange and Bloomberg

Notes:

- (1) Up to and including the last trading day/last full trading day/unaffected price date of the shares prior to the publication of the first announcement pursuant to Rule 3.5 or Rule 3.7 of the Takeovers Code (where applicable).
- (2) Based on the latest NAV per share or re-assessed NAV per share (where applicable) extracted from the relevant scheme document/offer document of the Privatisation Precedents.
- (3) Pursuant to the announcement of Yongsheng Advanced Materials Company Limited (3608.HK) dated 15 November 2023, 95.3% of the offer shares were accepted and it is pending for the compulsory acquisition to be executed. The company is expected to withdraw its listing on 24 February 2024.

As shown in the table above, the premiums represented by the Cancellation Price over the Last Trading Day, 30, 60 and 180 trading days average closing prices are all within the ranges of the Privatisation Precedents. Although such premiums are below the average and median of the Privatisation Precedents, the comparison of the cancellation price to market prices, in our view, serve to demonstrate the premium over market prices needed in Hong Kong to secure a successful privatisation, i.e. how much the shareholders are being offered and the level of premium that is acceptable to shareholders in terms of historical share price performance. In this sense, we consider that the Cancellation Price is being set reasonably.

We consider the comparison of the discount to NAV per Share itself is of limited value to the Scheme Shareholders as the Privatisation Precedents are in different industries, running different type of business and facing different market conditions. For illustrative purpose only, the discount represented by the Cancellation Price to the NAV per Share as at 30 June 2023 falls within the range of premium over/discount to NAV/re-assessed NAV per share of the Privatisation Precedents but is deeper than the average and median of the Privatisation Precedents. In the meantime, the Scheme Shareholders are reminded to consider our analysis on the composition of the net assets value as stated in the sub-section headed “5.5 *Historical discount to NAV per Share*” above.

The Scheme Shareholders should note that the subject companies in the Comparable Companies and the Privatisation Precedents may have different businesses, financial aspects and prospects and different market conditions that are not exactly identical to those of the Company, therefore, the analyses should not be considered on an isolated basis but should be taken into account as a whole with other factors for the assessment of the fairness and reasonableness of the Proposal and the Scheme.

As mentioned above, given that (i) the comparison of the cancellation price to market prices demonstrate the range of premium over market prices needed in Hong Kong to secure a successful privatisation; and (ii) the comparison of the discount to NAV per Share itself is of limited value to the Scheme Shareholders as the subject companies are in different industries and running different type of businesses, the Privatisation Precedents could only provide reference to the Scheme Shareholders as to the general market appetite, being the premium of the cancellation price of the subject companies of the Privatisation Precedents to their recent market price.

OPINION AND RECOMMENDATION

Having considered the principal factors and reasons above, in particular:

- (i) the Cancellation Price represents a premium of approximately 29.41%, 31.13% and 22.48% over the Last Trading Day, last 30 and 60 trading days average closing prices of the Shares, respectively;
- (ii) the premiums represented by the Cancellation Price over the Last Trading Day, 30, 60 and 180 trading days average closing prices of the Shares are all within the range of those of the Privatisation Precedents;
- (iii) the trading volume of the Shares was very thin during the Review Period (in particular, the percentages of the monthly average daily trading volume of the Shares to the total issued Shares were below 0.73%), where the Scheme Shareholders may find it difficult to dispose of a large volume of Shares in the open market without exerting downward pressure on the price level of the Shares, therefore the Proposal provide a viable alternative exit opportunity for the Scheme Shareholders, particularly for those hold a large volume of Shares, to immediately realise their investments in the Company;
- (iv) the implied P/S Multiples calculated based on the Cancellation Price is within the range and well above the mean and median of the Comparable Companies;
- (v) despite the discount to the unaudited NAV per Share as at 30 June 2023 of approximately 78.85%, taking into account our analysis as set out in the sub-section headed “5.5 Historical discount to NAV per Share”, we consider the Cancellation Price is still fair and reasonable;
- (vi) the Group recorded substantial net loss attributable to owners of the Company for FY2022 and 6M2023 despite the Group’s total revenue maintained at a relatively stable level for FY2021, FY2022 and 6M2023;
- (vii) the market landscape and business environment remain uncertain and challenging for the Group in foreseeable future given the uncertainties on the economic environments as affected by among others, international trade frictions and complex geopolitical landscape; and
- (viii) pursuant to Rule 31.1 of the Takeovers Code, the likelihood of another proposal by the Offeror or any parties acting in concert with it to privatise the Company within the next 12 months is remote,

we are of the opinion that the terms of the Proposal and the Scheme are fair and reasonable so far as the Scheme Shareholders are concerned. Accordingly, we advise the Independent Board Committee to recommend the Scheme Shareholders to vote in favour of the resolution(s) to be proposed (i) at the Court Meeting to approve the Scheme and (ii) at the EGM in connection with the implementation and completion of the Proposal.

We note that the Shares have been trading at prices below, but close to, the Cancellation Price following the publication of the Announcement. The Scheme Shareholders who are very risk averse may consider selling their Shares in the market prior to the EGM in view of the potential decline in the prevailing market price if the Proposal does not proceed. In addition, for the Scheme Shareholders who would vote in favour of the Proposal, in the event the market price of the Share price exceed the Cancellation Price and if the net proceeds from the sale of Shares in the market exceeds the amount receivable under the Proposal and the Scheme, such Scheme Shareholders may consider selling their Shares in the market.

As different Shareholders would have different investment criteria, objectives, risk preference and tolerance level and/or circumstances, we recommend any Scheme Shareholder who may require advice in relation to any aspect of the Scheme Document, or as to the action to be taken, to consult a licensed securities dealer, bank manager, solicitor, professional accountant, tax adviser or other professional advisers.

Yours faithfully,
For and on behalf of
ELSTONE CAPITAL LIMITED
Fanny Lee
Managing Director

Ms. Fanny Lee is a licensed person registered with the Securities and Futures Commission of Hong Kong and a responsible officer of Elstone Capital Limited to carry out type 6 (advising on corporate finance) regulated activity under the SFO and has over 25 years of experience in corporate finance industry.

This Explanatory Memorandum constitutes the statement required under Order 102, rule 20(4)(e) of the Rules of the Grand Court of the Cayman Islands 1995 (As Revised).

**A SCHEME OF ARRANGEMENT
(UNDER SECTION 86 OF THE COMPANIES ACT)**

INTRODUCTION

Pursuant to the Announcement, the Offeror and the Company jointly announced that on 8 December 2023, the Offeror requested the Board to put forward the Proposal to the Scheme Shareholders for the privatisation of the Company by way of the Scheme.

If the Proposal is approved and implemented:

- (a) all of the 1,222,384,600 Scheme Shares held by the Scheme Shareholders will be cancelled and extinguished on the Effective Date in consideration for the Cancellation Price, which (i) with respect to the Cancellation Price payable for the Scheme Shares (other than the CS Scheme Shares (being the 586,850,400 Scheme Shares held by the Controlling Shareholders representing approximately 48.01% of the issued Shares) which will be cancelled and extinguished in consideration for the CS Cancellation Consideration instead (being the amount equivalent to the aggregate amount of the Cancellation Price with respect to all the CS Scheme Shares, which will be applied to credit as fully paid the unpaid Offeror Shares held by the Controlling Shareholders)), will be paid in cash, and (ii) with respect to the Cancellation Price payable for the CS Scheme Shares, will be satisfied by the receipt of the CS Cancellation Consideration;
- (b) contemporaneously with the cancellation of the Scheme Shares, the issued share capital of the Company will be maintained by the issuance at par value to the Offeror, credited as fully paid, of the aggregate number of Shares as is equal to the number of Scheme Shares cancelled and extinguished, such that the Company will become wholly-owned by the Offeror. The reserve created in the Company's books of account as a result of the cancellation and extinguishment of the Scheme Shares will be applied in paying up in full at par value the new Shares so issued to the Offeror; and
- (c) upon the Scheme becoming effective, the Company will make an application to the Stock Exchange in accordance with Rule 6.15 of the Listing Rules for the withdrawal of the listing of the Shares on the Stock Exchange with effect from the next Business Day following the Effective Date.

The purpose of this Explanatory Memorandum is to explain the terms and effects of the Proposal and to provide the Scheme Shareholders with other relevant information in relation to the Scheme.

The particular attention of the Scheme Shareholders is drawn to the following sections of this Scheme Document: (a) the “Letter from the Board” in Part III of this Scheme Document; (b) the “Letter from the Independent Board Committee” in Part IV of this Scheme Document; (c) the “Letter from the Independent Financial Adviser” in Part V of this Scheme Document; and (d) the terms of the Scheme as set out in Appendix III to this Scheme Document.

TERMS OF THE PROPOSAL

Cancellation Price

Under the Scheme, the Cancellation Price of HK\$0.330 per Scheme Share will be payable by the Offeror to the Scheme Shareholders in the form of:

- (a) the Cash Cancellation Consideration for the cancellation and extinguishment of the Scheme Shares (other than the CS Scheme Shares) held by the relevant Scheme Shareholders; and
- (b) the CS Cancellation Consideration for the cancellation and extinguishment of the CS Scheme Shares held by the Controlling Shareholders.

The Cancellation Price of HK\$0.330 represents:

- (a) a premium of approximately 15.79% over the closing price of HK\$0.285 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (b) a premium of approximately 29.41% over the closing price of HK\$0.255 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (c) a premium of approximately 30.43% over the average closing price of approximately HK\$0.253 per Share as quoted on the Stock Exchange for the five trading days up to and including the Last Trading Day;
- (d) a premium of approximately 31.21% over the average closing price of approximately HK\$0.252 per Share as quoted on the Stock Exchange for the 10 trading days up to and including the Last Trading Day;
- (e) a premium of approximately 31.13% over the average closing price of approximately HK\$0.252 per Share as quoted on the Stock Exchange for the 30 trading days up to and including the Last Trading Day;
- (f) a discount of approximately 79.55% to the audited consolidated net asset value attributable to equity shareholders of the Company per Share of approximately RMB1.468 (equivalent to approximately HK\$1.614 as at 31 December 2022 based on RMB to HK\$ exchange rate of RMB0.90967 to HK\$1 being the exchange rate as quoted by the People’s Bank of China as at the Latest Practicable Date); and

- (g) a discount of approximately 78.85% to the unaudited consolidated net asset value attributable to equity shareholders of the Company per Share of approximately RMB1.419 (equivalent to approximately HK\$1.560 as at 30 June 2023 based on RMB to HK\$ exchange rate of RMB0.90967 to HK\$1 being the exchange rate as quoted by the People's Bank of China as at the Latest Practicable Date).

Highest and lowest prices

During the six-month period ended on and including the Last Trading Day, the highest closing price of the Shares as quoted on the Stock Exchange was HK\$0.365 on 13 July 2023, and the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$0.238 on 25 October 2023.

Basis for determining the Cancellation Price

The Cancellation Price has been determined on a commercial basis after taking into account, among other things, the recent and historical traded prices of the Shares and with reference to other privatisation transactions in Hong Kong in recent years.

The Offeror will not increase the Cancellation Price and does not reserve the right to do so. Shareholders and potential investors should be aware that, following the making of this statement, the Offeror will not be allowed to increase the Cancellation Price.

Dividend payment by the Company

The Company does not intend to declare and/or pay any dividend before the Effective Date or the date on which the Scheme is not approved, or the Proposal otherwise lapses or is withdrawn (as the case may be). However, if, after the Latest Practicable Date, any dividend and/or other distribution and/or other return of capital is announced, declared or paid in respect of the Shares, the Offeror reserves the right to reduce the Cancellation Price by all or any part of the amount or value of such dividend, distribution and/or, as the case may be, return of capital after consultation with the Executive, in which case any reference in this Scheme Document or any other announcement or document to the Cancellation Price will be deemed to be a reference to the Cancellation Price as so reduced.

The Company has confirmed that it does not intend to announce, declare or pay any dividend, distribution or other return of capital during the Offer Period in relation to the Proposal. As at the Latest Practicable Date, there is no outstanding dividend in respect of the Shares that has been announced but remains unpaid.

TOTAL CONSIDERATION AND FINANCIAL RESOURCES

As at the Latest Practicable Date, the issued share capital of the Company is 1,222,384,600 Shares, representing 100% of the Scheme Shares. There are no other outstanding options, warrants, derivatives, convertible securities or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) issued by the Company that carry a right to subscribe for or which are convertible into Shares.

On the basis of the Cancellation Price of HK\$0.330 per Scheme Share and 1,222,384,600 Scheme Shares in issue as at the Latest Practicable Date, the Scheme Shares are in aggregate valued at approximately HK\$403,386,918, of which the Cancellation Price in the amount of HK\$209,726,286 (being the difference between the aggregate value of the Scheme Shares and the CS Cancellation Consideration) will be settled in cash. The Offeror intends to finance the entire cash consideration payable under the Scheme with external debt financing.

Rainbow Capital, the financial adviser to the Offeror, is satisfied that sufficient financial resources are available to the Offeror for satisfying its payment obligations in full in respect of the cash consideration payable under the Proposal in accordance with its terms.

Conditions of the Proposal and the Scheme

The Proposal and the Scheme will only become effective and binding on the Company and all of the Scheme Shareholders if the following Conditions are fulfilled, waived or remain satisfied (as applicable):

- (a) the approval of the Scheme (by way of poll) by the Scheme Shareholders representing not less than 75% in value of the Scheme Shares held by the Scheme Shareholders present and voting, either in person or by proxy, at the Court Meeting;
- (b) the approval of the Scheme (by way of poll) at the Court Meeting by the Independent Shareholders holding at least 75% of the votes attaching to the Scheme Shares held by the Independent Shareholders that are cast either in person or by proxy at the Court Meeting and the number of votes cast by Independent Shareholders present and voting either in person or by proxy at the Court Meeting against the resolution to approve the Scheme at the Court Meeting is not more than 10% of the votes attaching to all Scheme Shares held by the Independent Shareholders;
- (c) the passing of (i) a special resolution by a majority of at least 75% of the votes cast by the Shareholders present and voting in person or by proxy at the EGM to approve and give effect to any reduction of the issued share capital of the Company as a result of cancelling and extinguishing the Scheme Shares and (ii) an ordinary resolution by a simple majority of the votes cast by the Shareholders present and voting in person or by proxy at the EGM to approve the issue to the Offeror of such number of new Shares as is equal to the number of Scheme Shares cancelled and extinguished as a result of the Scheme and the application of the credit arising in the Company's books of accounts as a result of the cancellation and extinguishment of the Scheme Shares in paying up in full at par value the new Shares issued to the Offeror;
- (d) the Grand Court's sanction of the Scheme (with or without modification) under section 86(2A) of the Companies Act and if necessary its confirmation of any reduction of the issued share capital of the Company as a result of the cancellation and extinguishment of the Scheme Shares, and the delivery to the Registrar of Companies in the Cayman Islands of a copy of the order of the Grand Court for registration;

- (e) all Approvals which are (i) required in connection with the Proposal by (1) the Applicable Laws or (2) any licenses, permits or contractual obligations of the Company; and (ii) material in the context of the Group (taken as a whole), having been obtained (or, as the case may be, completed) and remaining in full force and effect without modification up to and as at the Effective Date;
- (f) no Authority in any jurisdiction having taken or instituted any action, proceeding, suit, investigation or enquiry (or enacted or proposed, and there not continuing to be outstanding, any statute, regulation, demand or order), in each case, which would make the Proposal or its implementation in accordance with its terms void, unenforceable, illegal or impracticable (or which would impose any material and adverse conditions or obligations with respect to the Proposal);
- (g) all the Applicable Laws having been complied with and no legal or regulatory requirement having been imposed by any Authority which is not expressly provided for, or is in addition to the requirements expressly provided for, in the Applicable Laws in connection with the Proposal which are material in the context of the Group (taken as a whole), in each case up to and as at the Effective Date; and
- (h) since the date of the Announcement, there having been no material adverse change to the business, financial or trading position of the Group, each taken as a whole.

The Conditions set out in paragraphs (a) to (d) and (e)(i)(1) above cannot be waived. The Offeror reserves the right to waive all or any of the Conditions in paragraphs (e) to (h) (other than (e)(i)(1)) in whole or in part. The Company does not have the right to waive any of the Conditions. All of the above Conditions will have to be fulfilled or waived, as applicable, on or before the Long Stop Date, failing which the Scheme will not become effective and the Proposal will lapse.

Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Offeror may only invoke any or all of the Conditions as a basis for not proceeding with the Proposal or the Scheme if the circumstances which give rise to the right to invoke such Condition are of material significance to the Offeror in the context of the Proposal or the Scheme.

All of the Conditions will have to be fulfilled, waived or remain satisfied, as applicable, on or before the Long Stop Date, failing which the Proposal and the Scheme will lapse. If the Scheme is withdrawn, not approved or lapsed, the listing of the Shares on the Stock Exchange will not be withdrawn. If the Conditions are satisfied or waived (as applicable), the Scheme will be binding on all of the Scheme Shareholders, irrespective of whether or not they attended or voted at the Court Meeting or the EGM.

As at the Latest Practicable Date, none of the Conditions set out in paragraphs (a) to (h) have been fulfilled or waived (as the case may be).

As at the Latest Practicable Date and based on the information available to the Offeror and the Company, other than the Approvals listed in the Conditions in paragraphs (a) to (d) (inclusive), the Offeror and the Company are not aware of any other Approvals which are required as set out in the Condition in paragraph (e) above, and the Offeror and the Company are also not aware of any other circumstances which

may result in any of the Conditions in paragraphs (e) to (h) (inclusive) not being satisfied. In particular, as at the Latest Practicable Date, the Company is not aware of any Authority in any jurisdiction having taken or instituted any action, proceeding, suit, investigation or enquiry as set out in the Condition in paragraph (f).

Warning: Shareholders and/or potential investors should be aware that the implementation of the Proposal and the Scheme is subject to the Conditions being fulfilled or waived, as applicable, and therefore the Proposal may or may not be implemented and the Scheme may or may not become effective. Shareholders and/or potential investors should therefore exercise caution when dealing in the securities of the Company. Persons who are in doubt as to the action they should take should consult their stockbroker, licensed securities dealer, registered institution in securities, bank manager, solicitor or other professional advisers.

CS IRREVOCABLE UNDERTAKINGS

On 14 December 2023, each of the Controlling Shareholders executed the CS Irrevocable Undertakings in favour of the Offeror and undertook:

- (a) to provide undertakings to the Grand Court (i) not to vote at the Court Meeting; and (ii) to agree to and be bound by the Scheme and to receive the CS Cancellation Consideration in consideration for the cancellation of their CS Scheme Shares under the Scheme;
- (b) to the extent permitted by Applicable Laws (including the Takeovers Code), to vote any CS Scheme Shares held by them in favour of any resolutions proposed at the EGM to implement the Scheme or which are necessary for the Scheme to become effective; and
- (c) it will not, from the date of the CS Irrevocable Undertakings until the Scheme becomes effective (or if earlier, the date the Scheme lapses or is withdrawn): (i) dispose of any interest in any Shares held by them; (ii) acquire, directly or indirectly, any additional Shares, securities or other interests of the Company; (iii) accept any other offer to acquire such Shares; or (iv) vote in favour of any resolution which is proposed in competition with the Scheme.

The CS Irrevocable Undertakings will be terminated if the Proposal lapses or is withdrawn, whichever is earlier.

ALIBABA INVESTMENTS IRREVOCABLE UNDERTAKING

On 14 December 2023, Alibaba Investments, which holds 165,000,000 Shares (representing approximately 13.50% of the issued Shares), executed the Alibaba Investments Irrevocable Undertaking in favour of the Offeror and undertook, among other things:

- (a) to exercise or procure the exercise of all voting rights attaching to its Shares, (i) to vote in favour of all resolutions to approve the Scheme, the Proposal and any matters in connection with such at the Court Meeting and the EGM; and (ii) against any resolution which (1) might reasonably be expected to restrict, impede or delay implementation of the Scheme and/or the

Proposal; or (2) approves or gives effect to a proposal by a person other than the Offeror, to acquire (or have issued to it) any Shares or any assets of the Company or to privatise or delist the Company; and

- (b) not to: (i) directly or indirectly, sell, transfer, charge, encumber, grant any option over (or cause the same to be done) or otherwise dispose of any interest in its Shares; (ii) accept any other offer in respect of its Shares; (iii) except with the prior written consent of the Offeror, acquire, directly or indirectly, any additional shares, securities or other interests of the Company; and (iv) take any action or enter into any agreement or arrangement or permit any agreement or arrangement to be entered into or incur any obligation or permit any obligation to arise, which would or might impede or otherwise preclude the performance of the terms of the Alibaba Investments Irrevocable Undertaking.

The Alibaba Investments Irrevocable Undertaking will immediately terminate if, among others, the Scheme or the Proposal does not obtain the required approvals or does not become effective on or before the 180th day following the execution of the Alibaba Investments Irrevocable Undertaking.

SHAREHOLDING STRUCTURE OF THE COMPANY

As at the Latest Practicable Date:

- (a) the authorised share capital of the Company was HK\$80,000,000 divided into 8,000,000,000 Shares, of which 1,222,384,600 Shares are in issue;
- (b) the Offeror does not legally or beneficially own, control or have direction over any Shares;
- (c) the Offeror Concert Parties beneficially own, control or have direction over 589,218,000 Shares, representing approximately 48.20% of the issued Shares;
- (d) Rainbow Capital is the financial adviser to the Offeror in connection with the Proposal. Accordingly, Rainbow Capital is presumed to be acting in concert with the Offeror in relation to the Company in accordance with class 5 of the definition of “acting in concert” under the Takeovers Code. As at the Latest Practicable Date, Rainbow Capital does not hold any Shares;
- (e) the Scheme Shareholders hold 1,222,384,600 Shares, representing 100.00% of the issued Shares;
- (f) the Controlling Shareholders hold 586,850,400 Shares, representing approximately 48.01% of the issued Shares, of which (i) 507,873,400 Shares are held by Long Capital (representing approximately 41.55% of the issued Shares), and (ii) 78,977,000 Shares are held by Telewise Group (representing approximately 6.46% of the issued Shares);
- (g) the Independent Shareholders legally or beneficially own, control or have direction over a total of 633,166,600 Shares, representing approximately 51.80% of the issued Shares;

- (h) there are no convertible securities, warrants or options in respect of the Shares held, controlled or directed by the Offeror and the Offeror Concert Parties;
- (i) none of the Offeror nor any of the Offeror Concert Parties have had any dealings for value in the Shares during the Relevant Period;
- (j) neither the Offeror nor any of the Offeror Concert Parties have entered into any outstanding derivative in respect of the securities in the Company; and
- (k) neither the Offeror nor any of the Offeror Concert Parties have borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company.

Subject to the Scheme becoming effective, the CS Scheme Shares will be cancelled and extinguished in consideration for the Cancellation Price, which will be satisfied by the CS Cancellation Consideration. All other Scheme Shares will be cancelled and extinguished in consideration for the Cancellation Price, which will be payable in cash.

The table below sets out the shareholding structure of the Company as at the Latest Practicable Date and immediately upon completion of the Proposal, assuming that there is no other change in the shareholding of the Company before the Effective Date:

Shareholder	As at the Latest Practicable Date		Immediately upon completion of the Proposal	
	Number of Shares	Approximate % of total Shares ⁽⁴⁾	Number of Shares	Approximate % of total Shares ⁽⁴⁾
Offeror	–	–	1,222,384,600	100.00
Offeror Concert Parties				
Long Capital ⁽¹⁾	507,873,400	41.55	–	–
Telewise Group ⁽¹⁾	78,977,000	6.46	–	–
Robust Effort Limited ⁽²⁾	2,317,600	0.19	–	–
Mr. Su Hui ⁽³⁾	50,000	0.004	–	–
Offeror and Offeror Concert Parties Sub-total:	589,218,000	48.20	–	–
Independent Shareholders				
Alibaba Investments	165,000,000	13.50	–	–
Other Independent Shareholders	468,166,600	38.30	–	–
Independent Shareholders Sub-total:	633,166,600	51.80	–	–
TOTAL	1,222,384,600	100.00	1,222,384,600	100.00

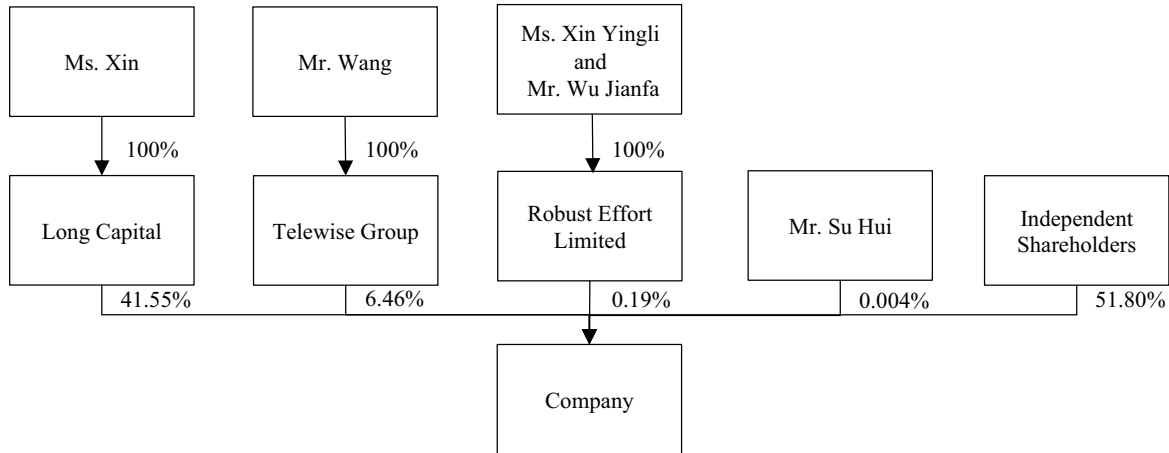
Note (1): Long Capital is wholly-owned by Ms. Xin and Telewise Group is wholly-owned by Mr. Wang. Mr. Wang is the spouse of Ms. Xin, therefore Ms. Xin and Mr. Wang are deemed to be interested in each other's Shares by virtue of the SFO.

Note (2): Robust Effort Limited is wholly-owned by Ms. Xin Yingli and Mr. Wu Jianfa, the sister and brother-in-law of Ms. Xin.

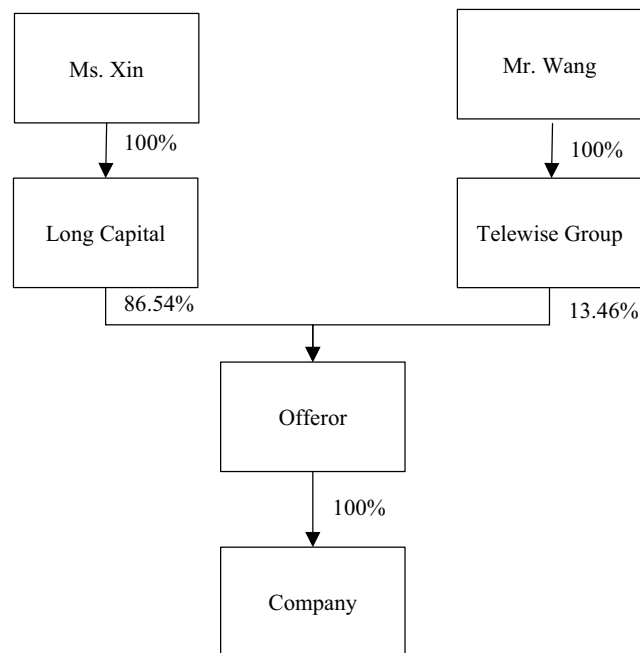
Note (3): Mr. Su Hui is an executive Director of the Company and an Offeror Concert Party by virtue of the definition of "acting in concert" under the Takeovers Code.

Note (4): The shareholding percentage in the table is subject to rounding adjustment.

The chart below sets out the illustrative shareholding structure of the Company as at the Latest Practicable Date:



The chart below sets out the illustrative shareholding structure of the Company upon the Scheme becoming effective:



INFORMATION ON THE GROUP

Principal Activities

The Company is an exempted company with limited liability incorporated in the Cayman Islands, the Shares of which are listed on the Stock Exchange.

The Company is an investment holding company and the Group is principally engaged in businesses covering government big data software and related services and low carbon and ecology software and related services.

Financial Information

Set out below is a summary of the financial information of the Group extracted from (i) the annual reports of the Company for the two years ended 31 December 2021 and 2022; and (ii) the interim report of the Company for the six months ended 30 June 2023:

	For the year ended 31 December		For the six months ended 30 June	
	2021 (audited) (RMB'000)	2022 (audited) (RMB'000)	2021 (unaudited) (RMB'000)	2022 (unaudited) (RMB'000)
Revenue	586,413	572,174	203,876	143,553
Profit/(Loss) before taxation	17,611	(141,996)	8,248	(63,352)
Profit/(Loss) for the year/period	15,013	(153,674)	2,486	(59,001)
Profit/(Loss) attributable to owners of the Company	15,806	(152,839)	3,321	(59,001)
	As at 31 December		As at 30 June	
	2021 (audited) (RMB'000)	2022 (audited) (RMB'000)	2023 (unaudited) (RMB'000)	
Total assets	2,235,073	2,119,175	2,068,763	
Total liabilities	291,006	325,080	333,669	
Net assets	1,944,067	1,794,095	1,735,094	

INFORMATION ON THE OFFEROR AND THE OFFEROR CONCERT PARTIES**The Offeror**

The Offeror is a company incorporated in the British Virgin Islands with limited liability and is set up for the implementation of the Proposal only. As at the date of this Scheme Document, the Offeror has 586,850,400 shares with a par value of HK\$0.01 each in issue, and owned as to 507,873,400 shares by Long Capital on an unpaid basis and 78,977,000 shares by Telewise Group on an unpaid basis.

The Offeror does not have any subsidiaries. Upon the Scheme becoming effective, the Company and its subsidiaries will become subsidiaries of the Offeror.

The sole director of the Offeror is Ms. Xin.

INFORMATION ON THE CONTROLLING SHAREHOLDERS

The Controlling Shareholders comprises Long Capital and Telewise Group.

Long Capital is an investment holding company incorporated in the British Virgin Islands. Long Capital is wholly-owned by Ms. Xin, who is an executive Director and the chairlady of the Board, a controlling shareholder (as defined under the Listing Rules) of the Company and the sole director of the Offeror.

Telewise Group is an investment holding company incorporated in the British Virgin Islands. Telewise Group is wholly-owned by Mr. Wang, who is the spouse of Ms. Xin and a Shareholder.

In 1998, Ms. Xin, Mr. Wang and other founding shareholders co-founded Nanjing Skytech, which to this date remains to be one of the primary subsidiaries of the Company.

Ms. Xin has over 35 years of experience in the IT industry and is a professional senior engineer. Ms. Xin was accredited as a professorate senior engineer by Professional Senior Qualification Accreditation Committee of Jiangsu Province (江蘇省高級專業技術資格評審委員會) on 25 November 2010. Prior to co-founding Nanjing Skytech in 1998, she was a technician of the National Sports Commission Information Centre (國家體委信息中心) from 1987 to 1992. From 1992 to 1995, she was the general manager of Nanjing Olympic Computer Co., Limited (南京奧林匹克電腦有限公司). From 1995 to 1998, she was the general manager and vice chairlady of Honest Electronics Corporation Ltd. (奧尼斯特電子集團有限公司). Ms. Xin obtained her master's degree in business administration from Nanjing University (南京大學) in September 2008.

Mr. Wang has over 20 years of experience in the computer industry and corporate management gained in the Group. Mr. Wang received his bachelor's degree in computer engineering from People's Liberation Army Information Engineering University (解放軍信息工程大學) in July 1985, and his master's degree in business administration from Nanyang Technological University, Singapore in July 2011.

REASONS FOR AND BENEFITS OF THE PROPOSAL**For Scheme Shareholders:**

The Offeror is of the view that the terms of the Proposal are attractive to the Scheme Shareholders and the Proposal will be beneficial to the Scheme Shareholders in the following ways:

An opportunity to realize attractive cash return on investments and avoid uncertainties on macro-economic and business outlook

Since 2021, various factors have posed continuous challenges to the development of the global economy. These include the COVID-19 pandemic, geopolitical conflicts such as the Russia-Ukraine crisis and the Middle East crisis, and policy shifts in more developed economies due to rising inflation. As a result of these factors, the global economy has been deteriorating since 2023, and China's macroeconomy has also faced challenges.

The Group's performance has been impacted by the aforementioned macroeconomic environment since 2021. There has been a decline in customer demand for digital software products, leading to a 2.4% and 29.6% year-over-year decrease in the Company's revenue in year ended 31 December 2022 and the six months ended 30 June 2023, respectively, as compared to the corresponding period. In respect of the government big data software and related services, some customers have reduced project budgets, resulting in delays or cancellations of certain projects. In respect of the low-carbon and ecology software and related services, the challenging economic environment has resulted in decreased demand.

Looking ahead, as the Company's revenue is largely made up of government big data software and related services, the implementation of the Regulations on Regulating and Promoting Cross-Border Flows of Data (Solicitation) Opinion Draft (《規範和促進數據跨境流動規定(徵求意見稿)》) issued by the Cyberspace Administration of China (國家互聯網信息辦公室) on 28 September 2023 may further impact the Company's business. Enhancement of relevant data regulations and policies may increase the Company's compliance costs given the Company is a red-chip company, further affecting the Company's business prospects.

An opportunity to exit investments with low trading liquidity

The trading liquidity of the Shares has been at a significantly low level over a period of time. The average daily trading volume of the Shares for the 12 months up to and including the Last Trading Day was approximately 1,865,786 Shares, representing only approximately 0.15% of the issued Shares as at the Last Trading Day. The low trading liquidity of the Shares could render it difficult for the Scheme Shareholders to execute on-market disposals of the Shares efficiently without adversely affecting the market price of the Shares.

In this regard, the Offeror is of the view that the Proposal provides an opportunity for the Scheme Shareholders to monetize their investments for cash.

Cancellation Price represents an attractive exit premium

The Proposal provides the Scheme Shareholders with an opportunity to realise their investments in the Company at an attractive premium over the prevailing market price. The Cancellation Price represents a premium of approximately 29.41% and 31.13% over the closing price of HK\$0.255 on the Last Trading Day and the average closing price of HK\$0.252 for the 30 trading days up to and including the Last Trading Day, respectively.

For the Company:***The cost and expenses outweigh the benefit from maintaining the listing status of the Company***

Due to the low liquidity and the relative underperformance in the trading of the Shares, and a high compliance cost for maintaining listing status, the Company's current listing platform no longer sufficiently serves as a source of funding for its long term growth, and the Company's ability to raise funds in the equity capital markets for future development and growth is severely limited. As such, the Offeror believes that the administrative costs and management resources associated with maintaining the Company's listing status are no longer justified.

The Proposal will allow the Company more flexibility in implementing its long-term growth strategy

Implementation of the Proposal will permit the Company to make strategic decisions focused on long-term growth and benefits, free from short to mid-term pressure of market expectations and share price fluctuations which arise from being a publicly listed company.

The Company believes that the successful implementation of the Proposal would enable the Company to implement a series of long-term growth strategies with more capital expenditure to expand the research and development resources to invest for the future growth, which may affect the Company's short-term profile and might result in the divergence between the Company's view on its long-term value on the one hand, and the investors' views on the potential execution risks and the significant costs involved impacting the Company's short-term financial and share price performance on the other hand.

As at the Latest Practicable Date, Ms. Xin Yingmei, Mr. Su Hui and Mr. Ren Geng have not participated in any vote and will continue to abstain from voting at meetings of the Board in relation to the Proposal where required under the articles of association of the Company and the Takeovers Code given his/her material interest in the Proposal.

INTENTION OF THE OFFEROR WITH REGARD TO THE GROUP

Following the implementation of the Proposal, the Offeror intends that the Group will continue to carry on its current business. The Offeror has no intention to make any major changes to the business of the Group, including any major redeployment of fixed assets or making any material change to the continued employment of employees of the Group, other than those in the ordinary course of business of the Group. The Offeror will continue to monitor the Group's performance and implement appropriate strategies for the Group and its business. The Offeror does not intend to continue the listing of the Shares on the Stock Exchange or any other stock exchange (if applicable).

The Board welcomes the intentions of the Offeror in respect of the Company and its employees and will cooperate with and provide full support to the Offeror to facilitate the continued smooth business operations and management of the Group.

FINANCIAL ADVISER TO THE OFFEROR, INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Offeror has appointed Rainbow Capital as its financial adviser in connection with the Proposal and the Scheme.

Pursuant to Rule 2.8 of the Takeovers Code, the Independent Board Committee is required to comprise all the non-executive Directors and independent non-executive Directors who have no direct or indirect interest in the Proposal other than as Shareholders. Mr. Ren Geng is a non-executive Director and is presumed to be one of the Offeror Concert Parties by virtue of falling into class (6) of the definition of “acting in concert” in the Takeovers Code. Accordingly, Mr. Ren Geng is regarded as being interested in the Proposal for the purpose of Rule 2.8 of the Takeovers Code.

Accordingly, an Independent Board Committee, which comprises all the independent non-executive Directors, namely Mr. Chan Choo Tee, Mr. Li Dong and Mr. Zong Ping, has been established by the Board to make recommendation to the Independent Shareholders in relation to the Proposal and the Scheme and Elstone Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Proposal and the Scheme. The appointment of the Independent Financial Adviser has been approved by the Independent Board Committee.

The full text of the letter from the Independent Board Committee and the letter from the Independent Financial Adviser is set out in Part IV and Part V of this Scheme Document, respectively.

WITHDRAWAL OF LISTING

Upon the Scheme becoming effective, all Scheme Shares will be cancelled and extinguished and the share certificates for the Scheme Shares will thereafter cease to have effect as documents or evidence of title.

The Company will make an application to the Stock Exchange for the withdrawal of the listing of the Shares on the Stock Exchange in accordance with Rule 6.15 of the Listing Rules, with effect from the next Business Day following the Effective Date. The Scheme Shareholders will be notified by way of an announcement of the exact dates of the last day for dealing in the Shares and the day on which the Scheme and the withdrawal of the listing of the Shares on the Stock Exchange will become effective.

Subject to the requirements of the Takeovers Code, the Proposal will lapse if any of the Conditions has not been fulfilled or waived, as applicable, on or before the Long Stop Date. If the Scheme is not approved or the Proposal otherwise lapses, the listing of the Shares on the Stock Exchange will not be withdrawn.

OVERSEAS SCHEME SHAREHOLDERS

This Scheme Document has been prepared for the purposes of complying with the laws of Hong Kong and Cayman Islands, the Takeovers Code, the Listing Rules and the information disclosed may not be the same as that which would have been disclosed if this Scheme Document had been prepared in accordance with the laws of any other jurisdictions.

This Scheme Document does not constitute an offer to buy or sell Shares or the solicitation of an offer to buy or subscribe for the Shares in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction.

The making and implementation of the Proposal to the Scheme Shareholders who are not residents in Hong Kong may be affected by the applicable laws of the relevant jurisdictions. Any Scheme Shareholders who are not residents in Hong Kong should inform themselves about and observe any applicable requirements in their own jurisdictions. The Offeror and the Company do not represent that this Scheme Document may be lawfully distributed in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Offeror and the Company which is intended to permit a public offering or the distribution of this Scheme Document in any jurisdiction (other than Hong Kong) where action for that purpose is required. Accordingly, it is prohibited to (a) copy, distribute or publish all or part of this Scheme Document or any advertisement or other offering material in any jurisdiction; (b) disclose its content; or (c) use information contained therein for any purpose other than assessment of the Proposal, unless the information is already publicly available in another form.

It is the responsibility of any overseas Scheme Shareholders wishing to take any actions in relation to the Proposal to satisfy themselves as to the full observance of the laws of the relevant jurisdictions in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, the compliance with the necessary formalities and the payment of any issue, transfer or other taxes due from such overseas Scheme Shareholders in such jurisdiction. The Offeror and the Company expressly decline any liability for breach of any of these restrictions by any persons.

Any acceptance of the Proposal by the Scheme Shareholders will be deemed to constitute a representation and warranty from such persons to the Offeror, the Company and their respective advisers, including Rainbow Capital and the Independent Financial Adviser, that those laws and regulatory requirements have been complied with. If you are in doubt as to your position, you should consult your professional advisers. For the avoidance of doubt, neither HKSCC or HKSCC Nominees Limited will give, or be subject to, the above warranty and representation.

As at the Latest Practicable Date, there were two registered Shareholders whose addresses as shown in the register of members of the Company were outside Hong Kong, and such overseas Shareholders held in aggregate 98,651,400 Shares (representing approximately 8.07% of the total number of Shares in issue). Those two Shareholders had registered addresses in the People's Republic of China and the British Virgin Islands respectively. The Directors had been advised by the respective local counsels in the aforementioned jurisdictions that there are no securities laws or regulations in the People's Republic of China or in the British Virgin Islands, as the case may be, which would prohibit the extending of the Proposal through the despatch of this Scheme Document to the relevant overseas Shareholders. The Scheme will apply to and this Scheme Document will be despatched to the overseas Shareholders.

NOTICE TO US INVESTORS

The Proposal is being made to cancel the securities of a Cayman Islands exempted company by means of a scheme of arrangement provided for under the laws of Cayman Islands and is subject to Hong Kong disclosure requirements which are different from those of the US. The financial information included in the relevant documentation, including this Scheme Document, has been prepared in accordance with the accounting standards applicable in Hong Kong and thus may not be comparable to financial information of US companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the US.

A transaction effected by means of a scheme of arrangement is not subject to the tender offer or proxy solicitation rules under the US Securities Exchange Act of 1934, as amended. Accordingly, the Proposal is subject to the disclosure requirements and practices applicable in the Cayman Islands and Hong Kong to schemes of arrangement which differ from the disclosure and procedural requirements applicable under the US federal securities laws. In addition, US holders of Scheme Shares should be aware that this Scheme Document has been prepared in accordance with Hong Kong format and style, which differs from US format and style.

The receipt of cash pursuant to the Proposal by a US holder of Scheme Shares as consideration for the cancellation of his/her/its Scheme Shares pursuant to the Scheme may be a taxable transaction for US federal income tax purposes and under applicable US state and local, as well as foreign and other tax laws. Each holder of Scheme Shares is urged to consult his/her/its independent professional adviser immediately regarding the tax consequences of the Proposal applicable to him/her/it.

It may be difficult for US holders of Scheme Shares to enforce their rights and claims arising out of the US federal securities laws, since the Offeror and the Company are located in a country other than the US, and some or all of their officers and directors may be residents of a country other than the US. US holders of Scheme Shares may not be able to sue a non-US company or its officers or directors in a non-US court for violations of the US securities laws. Further, it may be difficult to compel a non-US company and its affiliates to subject themselves to a US court's judgement.

TAXATION ADVICE

As the Scheme does not involve the sale and purchase of Hong Kong stock, no stamp duty will be payable pursuant to the Stamp Duty Ordinance on the cancellation of the Scheme Shares upon the Scheme becoming effective.

The Scheme Shareholders, whether in Hong Kong or in other jurisdictions, are encouraged to consult their own professional advisers if they are in any doubt as to the taxation implications of the Scheme and in particular, whether the receipt of the Cancellation Price under the Scheme would make such Scheme Shareholders liable to taxation in Hong Kong or in other jurisdictions.

It is emphasised that none of the Offeror, the Offeror Concert Parties, the Company, Rainbow Capital, the Independent Financial Adviser or any of their respective ultimate beneficial owners, directors, officers, employees, agents, affiliates, advisers or associates or any other person involved in the Proposal accepts responsibility (other than in respect of themselves, if applicable) for any taxation effects on, or liabilities of, any other persons as a result of the implementation of the Proposal.

COSTS OF THE SCHEME

Pursuant to Rule 2.3 of the Takeovers Code, if the Scheme is not approved and the Proposal is either not recommended by the Independent Board Committee, or is not recommended as fair and reasonable by the Independent Financial Adviser, all costs and expenses incurred by the Offeror and the Company in connection with the Scheme will be borne by the Offeror.

Since the Independent Board Committee and the Independent Financial Adviser have both recommended the Proposal, the Offeror and the Company have agreed that each party will bear their own costs, charges and expenses.

REGISTRATION AND PAYMENT

Closure of the Register

Assuming the Scheme Record Date falls on Friday, 1 March 2024, it is proposed that the Register will be closed from Tuesday, 27 February 2024 onwards (or such other date as may be notified to the Shareholders by announcement) for purpose of determining entitlements of Scheme Shareholders under the Scheme. In order to qualify for entitlements under the Scheme, Scheme Shareholders should ensure that the transfer documents are lodged with the Hong Kong Branch Share Registrar before 4:30 p.m. on Monday, 26 February 2024 for registration of Shares in their own name. The registered office of the Hong Kong Branch Share Registrar, Tricor Investor Services Limited, is at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.

Payment of the Cancellation Price to the Scheme Shareholders

Upon the Scheme becoming effective, cheques in respect of the Cancellation Price in the form of the Cash Cancellation Consideration will be made to the Scheme Shareholders whose names appear on the Register as at the Scheme Record Date (other than the Controlling Shareholders) as soon as possible but in any event within seven (7) Business Days following the Effective Date. On the basis that the Scheme becomes effective on Friday, 1 March 2024 (Cayman Islands time), cheques for payment of the Cancellation Price in the form of the Cash Cancellation Consideration payable under the Scheme are expected to be despatched on or before Tuesday, 12 March 2024.

Cheques for the payment of the Cancellation Price in the form of the Cash Cancellation Consideration will be sent by posting the same by ordinary post in postage pre-paid envelopes addressed to the persons entitled thereto at their respective registered addresses or, in the case of joint holders, to the registered address of that joint holder whose name stands first in the Register in respect of the joint holding. For Beneficial Owners that hold Scheme Shares through a Registered Owner (other than HKSCC Nominees Limited), cheques made out in the name of the Registered Owner will be sent by posting the same by ordinary post in postage pre-paid envelopes addressed to the Registered Owner. For Beneficial Owners whose Scheme Shares are deposited in CCASS and registered under the name of HKSCC Nominees Limited, the Cancellation Price will be paid to HKSCC Nominees Limited by cheque and such payment will be caused to be credited to the designated bank accounts of the relevant CCASS Participants in accordance with the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All such cheques will be posted at the risk of the addressees and none of the Offeror, the Company, Rainbow Capital, the Independent Financial Adviser, the Hong Kong Branch Share Registrar or any of their respective directors, officers, employees, agents, affiliates or advisers or any other persons involved in the Proposal will be responsible for any loss or delay in despatch.

On or after the day being six (6) calendar months after the posting of such cheques, the Offeror shall have the right to cancel or countermand payment of any such cheque which has not been cashed or has been returned uncashed, and shall place all monies represented thereby in a deposit account in the name of the Offeror with a licensed bank in Hong Kong selected by the Offeror.

The Offeror shall hold such monies on trusts until the expiry of six (6) years from the Effective Date and shall, prior to such date, make payments therefrom of the sums, without interest earned thereon, to persons who satisfy the Offeror that they are respectively entitled thereto, provided that the cheques of which they are payees have not been cashed. On the expiry of six (6) years from the Effective Date, the Offeror shall be released from any further obligation to make any payments under the Scheme and the Offeror shall be absolutely entitled to the balance (if any) of the sums then standing to the credit of the deposit account, including accrued interest, subject to any deduction required by law and expenses incurred.

Upon the Scheme becoming effective, all existing certificates representing the Scheme Shares will cease to have effect as documents or evidence of title as from the Effective Date, which is expected to be on Friday, 1 March 2024 (Cayman Islands time).

Settlement of the Cancellation Price to which the Scheme Shareholders are entitled under the Scheme will be implemented in full in accordance with the terms of the Scheme, 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 any such Scheme Shareholders.

ACTIONS TO BE TAKEN

Your attention is drawn to the section headed “ACTIONS TO BE TAKEN” at pages i to vi of this Scheme Document.

THE SCHEME AND THE COURT MEETING

Pursuant to section 86 of the Companies Act, where an arrangement is proposed between a company and its members or any class of them, the Grand Court may, on the application of the company or any member of the company, order a meeting of the members of the company or class of members, as the case may be, to be summoned in such manner as the Grand Court directs.

It is expressly provided in section 86 of the Companies Act that if 75% in value of the members or class of members, as the case may be, present and voting either in person or by proxy at the meeting held as directed by the Grand Court as aforesaid, agree to any arrangement, the arrangement shall, if sanctioned by the Grand Court, be binding on all members or class of members, as the case may be, and also on the company.

ADDITIONAL REQUIREMENTS AS IMPOSED BY RULE 2.10 OF THE TAKEOVERS CODE

In addition to satisfying any requirements imposed by the Companies Act as summarised above, other than with the consent of the Executive to dispense with compliance or strict compliance therewith, Rule 2.10 of the Takeovers Code requires that the Scheme may only be implemented if:

- (a) the Scheme is approved by the Scheme Shareholders holding at least 75% of the votes attaching to the Scheme Shares held by the Independent Shareholders that are voted either in person or by proxy at the Court Meeting; and
- (b) the number of votes cast by the Independent Shareholders present and voting either in person or by proxy at the Court Meeting against the resolution to approve the Scheme at the Court Meeting is not more than 10% of the votes attaching to all Scheme Shares held by all the Independent Shareholders.

As at the Latest Practicable Date, the Independent Shareholders held in aggregate 633,166,600 Scheme Shares. On that basis, 10% of the votes attached to Scheme Shares held by all the Independent Shareholders referred to in paragraph (b) above would therefore represent approximately 63,316,660 Scheme Shares as at the Latest Practicable Date.

COURT MEETING AND EGM

The Court Meeting will be held at 5/F, United Centre, 95 Queensway, Hong Kong on Monday, 19 February 2024 at 9:00 a.m. for the purpose of considering and, if thought fit, approving (with or without modifications) the Scheme.

Such resolution will be passed under section 86 of the Companies Act if not less 75% in value of the Scheme Shares held by the Scheme Shareholders present and voting either in person or by proxy at the Court Meeting voted in favour of the Scheme. However, the Scheme will only be considered to have been approved under the Takeovers Code if (a) the Scheme is approved (by way of a poll) by at least 75% of the votes attaching to the Scheme Shares held by the Independent Shareholders that are voted either in person or by proxy at the Court Meeting; and (b) the number of votes cast (by way of a poll) against the resolution to approve the Scheme at the Court Meeting is not more than 10% of the votes attaching to all the Scheme Shares held by all the Independent Shareholders.

All Scheme Shareholders whose names appear on the Register as at the Meeting Record Date will be entitled to attend and vote, in person or by proxy, at the Court Meeting provided that only the votes of the Independent Shareholders will be taken into account in determining if Condition (b) in the paragraph headed “*Conditions of the Proposal and the Scheme*” above is satisfied.

As at the Latest Practicable Date, the Offeror did not hold any Shares in the Company and the Offeror Concert Parties held 589,218,000 Shares in aggregate, representing approximately 48.20% of the total number of Shares in issue.

All 1,222,384,600 Scheme Shares will be cancelled and extinguished upon the Scheme becoming effective.

All of the Offeror Concert Parties will abstain from voting on the Scheme at the Court Meeting. Each of the Offeror Concert Parties will procure that any Shares in respect of which they are legally and/or beneficially interested will not be represented or voted at the Court Meeting.

Each of the Controlling Shareholders has provided an undertaking to the Grand Court (a) not to vote at the Court Meeting; and (b) to agree to and be bound by the Scheme and to receive the CS Cancellation Consideration in consideration for the cancellation of their CS Scheme Shares under the Scheme.

The Offeror has undertaken to the Grand Court that it will be bound by the Scheme, so as to ensure that it will comply with and be subject to the terms and conditions of the Scheme.

As soon as practicable after the conclusion or adjournment of the Court Meeting, the EGM will be held for the purpose of considering and, if thought fit, approving, amongst other things, (a) the special resolution to give effect to any reduction of the issued share capital of the Company as a result of the cancellation and extinguishment of the Scheme Shares; and (b) the ordinary resolution to (i) maintain the issued share capital of the Company to the amount prior to the cancellation and extinguishment of the Scheme Shares by contemporaneously issuing to the Offeror such number of new Shares as is equal to the number of Scheme Shares cancelled and extinguished and the application of the credit arising in the Company’s book of accounts as a result of the cancellation and extinguishment of the Scheme Shares in paying up in full at par value the new Shares so issued to the Offeror; and (ii) authorise any one of the Directors to do all acts and things considered by him to be necessary or desirable in connection with the implementation of the Proposal.

All Shareholders whose names appear in the Register as at the Meeting Record Date will be entitled to attend and vote, in person or by proxy, on the above resolutions to be proposed at the EGM.

The Offeror and the Offeror Concert Parties have indicated that they will vote in favour of the above resolutions to be proposed at the EGM.

Voting at the Court Meeting and at the EGM will be taken by poll as required under the Listing Rules and the Takeovers Code.

An announcement will be jointly made by the Offeror and the Company in relation to the results of the Court Meeting and the EGM. Such announcement will contain the information as required by Rule 19.1 of the Takeovers Code. Information on the number of votes cast for and the number of votes cast against the Scheme and the number of CCASS Participants on whose instructions they are cast will be included in such announcement.

Notices of the Court Meeting and the EGM are set out in Appendix IV and Appendix V of this Scheme Document, respectively.

RECOMMENDATIONS

Your attention is drawn to (i) the letter from the Independent Board Committee in Part IV of this Scheme Document; and (ii) the letter from the Independent Financial Adviser in Part V of this Scheme Document which sets out the factors and reasons taken into account by the Independent Financial Adviser in arriving at its advice to the Independent Board Committee.

FURTHER INFORMATION

Further information is set out in the appendices to, and elsewhere in, this Scheme Document, all of which form part of this Explanatory Memorandum.

You should rely only on the information contained in this Scheme Document in order to vote your Shares at the Court Meeting and/or the EGM. None of the Offeror, the Company, Rainbow Capital, the Independent Financial Adviser, any of their respective directors, officers, employees, agents, affiliates or advisers or any other persons involved in the Proposal has authorised anyone to provide you with information that is different from what is contained in this Scheme Document.

LANGUAGE

In case of any inconsistency, the English language text of this Scheme Document and the accompanying forms of proxy shall prevail over the Chinese language text.

FINANCIAL SUMMARY

Set out below is a summary of the audited consolidated financial information of the Company for each of the three years ended 31 December 2020, 2021 and 2022 and the unaudited condensed consolidated financial information of the Company for the six months ended 30 June 2022 and 2023. The figures for the years ended 31 December 2020, 2021 and 2022 are extracted from the annual reports of the Company for the respective years, and the figures for the six months ended 30 June 2022 and 2023 are extracted from the interim reports of the Company for the respective periods.

The independent auditors' reports issued by the auditors of the Company, Baker Tilly Hong Kong Limited, in respect of the audited consolidated financial statements of the Company for each of the three years ended 31 December 2020, 2021 and 2022 did not contain any modified opinion, emphasis of matter or material uncertainty related to going concern. Save as disclosed below, 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 December 2020, 2021 and 2022.

Summary of consolidated statement of profit and loss and other comprehensive income

	For the year ended 31 December			For the six months ended	
	2020	2021	2022	2022	2023
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)
	(audited)	(audited)	(audited)	(unaudited)	(unaudited)
Revenue	533,809	586,413	572,174	203,876	143,553
Profit/(Loss) before taxation	526,970	17,611	(141,996)	8,248	(63,352)
Income tax (expense)/credit	(78,171)	(2,598)	(11,678)	(5,762)	4,351
Profit/(Loss) for the year/period	513,354	15,013	(153,674)	2,486	(59,001)
Profit/(Loss) and total comprehensive income/(expense) attributable to owners of the Company for the year/period	515,940	15,806	(152,839)	3,321	(59,001)
Loss and total comprehensive expense attributable to non-controlling interests for the year/period	(2,586)	(793)	(835)	(835)	–
Dividend distributed to owners of the Company	245,088	–	–	–	–
	<i>RMB cents</i>	<i>RMB cents</i>	<i>RMB cents</i>	<i>RMB cents</i>	<i>RMB cents</i>
	(audited)	(audited)	(audited)	(unaudited)	(unaudited)
Earnings/(Loss) per Share – basic and diluted	42.21	1.29	(12.50)	0.27	(4.83)
Dividend per Share	20.05	–	–	–	–

CONSOLIDATED FINANCIAL STATEMENTS OF THE COMPANY

The Company is required to set out or refer to in this Scheme 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 significant accounting policies and the notes to the relevant published financial statements which are of major relevance to the appreciation of the above financial information.

The audited consolidated financial statements of the Company for the year ended 31 December 2020 (the “**2020 Financial Statements**”) are set out on pages 67 to 152 of the annual report of the Company for the year ended 31 December 2020 (the “**2020 Annual Report**”), which was published on 23 April 2021. The 2020 Annual Report is posted on the website of the Stock Exchange (www.hkexnews.hk). Please also see below a direct link to the 2020 Annual Report:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0423/2021042301031.pdf>

The audited consolidated financial statements of the Company for the year ended 31 December 2021 (the “**2021 Financial Statements**”) are set out on pages 86 to 172 of the annual report of the Company for the year ended 31 December 2021 (the “**2021 Annual Report**”), which was published on 28 April 2022. The 2021 Annual Report is posted on the website of the Stock Exchange (www.hkexnews.hk). Please also see below a direct link to the 2021 Annual Report:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0428/2022042802474.pdf>

The audited consolidated financial statements of the Company for the year ended 31 December 2022 (the “**2022 Financial Statements**”) are set out on pages 85 to 168 of the annual report of the Company for the year ended 31 December 2022 (the “**2022 Annual Report**”), which was published on 27 April 2023. The 2022 Annual Report is posted on the website of the Stock Exchange (www.hkexnews.hk). Please also see below a direct link to the 2022 Annual Report:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0427/2023042703923.pdf>

The unaudited condensed consolidated financial information of the Company for the six months ended 30 June 2022 (the “**2022 Interim Financial Information**”) are set out on pages 19 to 42 of the interim report of the Company for the six months ended 30 June 2022 (the “**2022 Interim Report**”), which was published on 27 September 2022. The 2022 Interim Report is posted on the website of the Stock Exchange (www.hkexnews.hk). Please also see below a direct link to the 2022 Interim Report:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0927/2022092700470.pdf>

The unaudited condensed consolidated financial information of the Company for the six months ended 30 June 2023 (the “**2023 Interim Financial Information**”) are set out on pages 20 to 44 of the interim report of the Company for the six months ended 30 June 2023 (the “**2023 Interim Report**”), which was published on 28 September 2023. The 2023 Interim Report is posted on the website of the Stock Exchange (www.hkexnews.hk). Please also see below a direct link to the 2023 Interim Report:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0928/2023092800540.pdf>

The 2020 Financial Statements, the 2021 Financial Statements, the 2022 Financial Statements, the 2022 Interim Financial Information and the 2023 Interim Financial Information (but not any other part of the 2020 Annual Report, the 2021 Annual Report, the 2022 Annual Report, the 2022 Interim Report and the 2023 Interim Report in which they respectively appear) are incorporated by reference into this Scheme Document and form part of this Scheme Document.

INDEBTEDNESS STATEMENT

As at 30 November 2023, being the latest practicable date for the purpose of ascertaining the indebtedness of the Group prior to the printing of this Scheme Document, the Group had (i) total bank borrowings of approximately RMB113.38 million, of which RMB79.27 million are unsecured and unguaranteed, RMB20 million are guaranteed by corporate guarantee of Jiangsu Skytech Investment Management Co., Limited, a subsidiary of the Company, RMB14.11 million are guaranteed by personal guarantee of Ms. Xin, Chairlady of the Company of the maximum amount of RMB50 million.

Save as disclosed above and apart from intra-group liabilities and normal trade payables in the ordinary course of business, at the close of business on 30 November 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 (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities except for those disclosed in the 2023 Interim Report.

MATERIAL CHANGE STATEMENT

The Directors confirm that there had been no material change in the financial or trading position or outlook of the Group since 31 December 2022, being the date to which the latest published audited consolidated financial statements of the Company were made up, and up to the Latest Practicable Date.

RESPONSIBILITY STATEMENTS

The issue of this Scheme Document has been approved by the Directors, who jointly and severally accept full responsibility for the accuracy of the information contained in this Scheme Document (other than that relating to the Offeror and the Offeror Concert Parties) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Scheme Document (other than the opinions expressed by the sole director of the Offeror in her capacity as the sole director of the Offeror) have been arrived at after due and careful consideration and there are no other facts not contained in this Scheme Document, the omission of which would make any statement in this Scheme Document misleading.

The information contained in this Scheme Document relating to the Offeror and the Offeror Concert Parties has been supplied by the Offeror. The issue of this Scheme Document has been approved by the sole director of the Offeror, who accepts full responsibility for the accuracy of the information contained in this Scheme Document (other than that relating to the Group) and confirms, having made all reasonable enquiries, that to the best of his knowledge, opinions expressed in this Scheme Document (other than opinions expressed by the Directors in their capacity as the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this Scheme Document, the omission of which would make any statement in this Scheme Document misleading.

SHARE CAPITAL OF THE COMPANY

As at the Latest Practicable Date:

- (a) the authorised share capital of the Company was HK\$80,000,000 divided into 8,000,000,000 Shares, of which 1,222,384,600 Shares are in issue;
- (b) the issued share capital of the Company was HK\$12,223,846 divided into 1,222,384,600 Shares at a par value of HK\$0.01 each;
- (c) no Shares had been issued since 31 December 2023, being the end of the last financial year of the Company, up to the Latest Practicable Date;
- (d) there were no other outstanding options, warrants, derivatives, convertible securities or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) issued by the Company that carry a right to subscribe for or which are convertible into the Shares; and
- (e) all of the issued Shares ranked *pari passu* in all respects with each other, including all rights as to dividends, voting and capital.

MARKET PRICES OF THE SHARES

The table below sets out the closing price of the Shares as quoted on the Stock Exchange (i) at the last Business Day of each of the calendar months during the Relevant Period; (ii) on the Last Trading Day; and (iii) on the Latest Practicable Date:

Date	Closing Price (HK\$)
30 June 2023	0.31
31 July 2023	0.345
31 August 2023	0.30
29 September 2023	0.32
31 October 2023	0.247
30 November 2023	0.25
8 December 2023 (the Last Trading Day)	0.255
29 December 2023	0.28
23 January 2024 (the Latest Practicable Date)	0.285

During the Relevant Period, the highest and lowest closing prices of the Shares as quoted on the Stock Exchange were, respectively, HK\$0.365 per Share on 13 July 2023, and HK\$0.238 per Share on 25 October 2023.

DISCLOSURE OF INTERESTS, DEALINGS AND OTHER ARRANGEMENTS**Director's interests and short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations**

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required 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 taken or deemed to have under such provisions of the SFO); or recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules (the “**Model Code**”), or required to be disclosed under the Takeovers Code were as follows:

Long positions in the Shares

Name of Director/ Chief Executive	Interests in the Company or its associated corporation	Nature of interest	Number of Shares	Approximate % of the total issued Shares as of the Latest Practicable Date
Ms. Xin	The Company	Corporate interests	507,873,400 (L) <i>(Note 3)</i>	41.55
Ms. Xin	The Company	Interest of spouse	78,977,000 (L) <i>(Note 4)</i>	6.46
Mr. Su Hui	The Company	Beneficial owner	50,000 (L)	0.004

Notes:

- (1) As of the Latest Practicable Date, the Company had 1,222,384,600 Shares in issue.
- (2) The letter "L" denotes the person's long position in such securities.
- (3) These Shares are held by Long Capital International Limited which is beneficially and wholly-owned by Ms. Xin.
- (4) These Shares are held by Telewise Group Limited which is beneficially and wholly-owned by Mr. Wang, the spouse of Ms. Xin. Therefore, Ms. Xin is deemed to be interested in these Shares.

Save for those disclosed above, as at the Latest Practicable Date, none of the Directors or the chief executive of the Company had or was deemed to have any interests and short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required 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 taken or deemed to have under such provisions of the SFO); or recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, or required to be disclosed under the Takeovers Code.

Ms. Xin and Mr. Su Hui, being Directors and an Offeror Concert Party (as applicable), will abstain from voting on the Scheme at the Court Meeting. They had indicated that those Shares which they hold will be voted in favour of the resolutions to be proposed at the EGM to approve and give effect to the Scheme.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company had any interests in any Shares, convertible securities, warrants, options or derivatives of the Company.

As at the Latest Practicable Date, save as disclosed above, none of the Directors was a director or employee of a company which had an interest or short position in the Shares or underlying Shares in the Company which would fall to be disclosed to the Company and the Stock Exchange under provisions of Divisions 2 and 3 or Part XV of the SFO.

Other substantial shareholders' interests and short positions in the Shares and underlying Shares

As at the Latest Practicable Date, Shareholders (other than the Directors or the chief executives of the Company) who had interests and short positions in the Shares and underlying Shares which would fall to be disclosed to the Company and the Stock Exchange pursuant to 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 pursuant to Section 336 of the SFO were as follows:

Long positions in the Shares

Name of Shareholder	Capacity	Number of Shares	Approximate % of the total issued Shares
Long Capital International Limited	Beneficial owner	507,873,400 (L) <i>(Note 3)</i>	41.55
Telewise Group Limited	Beneficial owner	78,977,000 (L) <i>(Note 4)</i>	6.46
Mr. Wang	Interest of a controlled corporation	78,977,000 (L) <i>(Note 4)</i>	6.46
Alibaba.com Investment Holding Limited	Beneficial owner	165,000,000 (L) <i>(Notes 5, 6)</i>	13.50
Alibaba.com Limited	Interest of a controlled corporation	165,000,000 (L) <i>(Notes 5, 6)</i>	13.50
Alibaba Group Holding Limited	Interest of a controlled corporation	165,000,000 (L) <i>(Notes 5, 6)</i>	13.50

Notes:

- (1) As of the Latest Practicable Date, the Company had 1,222,384,600 Shares in issue.
- (2) The letter "L" denotes the person's long position in such securities.
- (3) These Shares are held by Long Capital International Limited which is beneficially and wholly-owned by Ms. Xin.
- (4) The shares held by Telewise Group Limited are beneficially and wholly-owned by Mr. Wang, the spouse of Ms. Xin. Therefore, Ms. Xin is deemed to be interested in these Shares.
- (5) Alibaba.com Investment Holding Limited is wholly-owned by Alibaba.com Limited which is a subsidiary of Alibaba Group Holding Limited.
- (6) On 28 July 2016, the Board announced a bonus issue on the basis of one (1) Bonus Share for every five (5) existing shares held by the Qualifying Shareholders (as defined in the Company's announcement dated 28 July 2016) whose names appear on the register of members of the Company on the then record date. The number of shares herein is as adjusted by the allotment of Bonus Shares of the Company on 19 September 2016.

Save as disclosed above, as at the Latest Practicable Date, there was no person (other than the interest disclosed above in respect of the Directors or the chief executive of the Company) who (a) had interests and short positions in the Shares, underlying Shares and debentures of the Company which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO, or recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO; or (b) were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying the right to vote in all circumstances at general meetings of the Company or any options in respect of such capital.

Save as disclosed above and disclosed in the section headed “Shareholding Structure of the Company” in the Explanatory Memorandum in Part VI of this Scheme Document, as at the Latest Practicable Date, none of the Offeror, its sole director and the Offeror Concert Parties, owned or controlled any Shares or any options, warrants, derivatives or securities convertible into Shares.

Interests and dealings in the securities of the Company

During the Relevant Period:

- (a) none of the Offeror, its sole director or the Offeror Concert Parties had dealt for value in any Shares or any convertible securities, warrants, options or derivatives in respect of the Shares; and
- (b) none of the Directors had any dealings in any Shares or any convertible securities, warrants, options or derivatives in respect of the Shares.

During the Offer Period and up to the Latest Practicable Date:

- (c) no subsidiaries of the Company, pension funds (if any) of any members of the Group, 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 any associate of the Company by virtue of class (2) of the definition of “associate” under the Takeovers Code (excluding any exempt principal trader or exempt fund manager) had any dealings in any Shares or any convertible securities, warrants, options or derivatives in respect of the Shares;
- (d) save for the CS Irrevocable Undertakings and the Alibaba Investments Irrevocable Undertaking, of which their shareholding in the Company is disclosed in the section headed “Shareholding Structure of the Company” in the Explanatory Memorandum in Part VI of this Scheme Document, as at the Latest Practicable Date, no person who had irrevocably committed themselves to accept or reject the Proposal owned or controlled, or had any dealings in any Shares or any convertible securities, warrants, options or derivatives in respect of the Shares;

- (e) save for the CS Irrevocable Undertakings and the Alibaba Investments Irrevocable Undertaking, of which their shareholding in the Company is disclosed in the section headed “Shareholding Structure of the Company” in the Explanatory Memorandum in Part VI of this Scheme Document, no person who had an arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with (i) 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 with any person who is an associate of the Company by virtue of classes (2), (3) and (4) of the definition of “associate” under the Takeovers Code, or (ii) the Offeror or the Offeror Concert Parties owned or controlled, or had any dealings in, any Shares or any convertible securities, warrants, options or derivatives in respect of the Shares; and
- (f) no fund managers connected with the Company who managed funds on a discretionary basis (other than exempt fund managers) had any dealings in any Shares or any convertible securities, warrants, options or derivatives in respect of the Shares.

Interest and dealings in the securities of the Offeror

- (a) As at the Latest Practicable Date, save for Ms. Xin who wholly owns Long Capital International Limited, which in turn owns 86.54% of the Offeror, none of the Company or any of the Directors had any interest in the shares of the Offeror or any convertible securities, warrants, options or derivatives in respect of the shares of the Offeror.
- (b) During the Relevant Period, none of the Company or any of the Directors had any dealings in the shares of the Offeror, or any convertible securities, warrants, options or derivatives in respect of the shares of the Offeror.

Other interests

As at the Latest Practicable Date:

- (c) no Shares or convertible securities, warrants, options or derivatives in respect of the Shares were owned or controlled by a subsidiary of the Company, a pension fund (if any) of any member of the Group, a 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 an associate of the Company by virtue of class (2) of the definition of “associate” under the Takeovers Code (other than exempt principal traders and exempt fund managers);
- (d) no Shares, or convertible securities, warrants, options or derivatives in respect of the Shares were managed on a discretionary basis by any fund managers connected with the Company (other than exempt fund managers); and
- (e) none of the Company, the Directors, the Offeror or any of the Offeror Concert Parties had borrowed or lent any Shares, or any convertible securities, warrants, options or derivatives in respect of the Shares.

Other arrangements in respect of the Proposal

As at the Latest Practicable Date:

- (a) save for the CS Irrevocable Undertakings and the Alibaba Investments Irrevocable Undertaking, there was no arrangement (whether by way of option, indemnity or otherwise) of the kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the Shares or the shares of the Offeror or any of the Offeror Concert Parties which might be material to the Proposal, and there was no arrangement of the kind referred to in the third paragraph of Note 8 to Rule 22 of the Takeovers Code which existed between the Offeror, the Offeror Concert Parties or any other associate of the Offeror and any other person;
- (b) there was no agreement or arrangement to which the Offeror or any of the Offeror Concert Parties was a party which related to circumstances in which it might or might not invoke or seek to invoke a condition to the Proposal;
- (c) save for the CS Irrevocable Undertakings and the Alibaba Investments Irrevocable Undertaking, neither the Offeror nor any of the Offeror Concert Parties had received any irrevocable commitment to vote for or against the Proposal;
- (d) no benefit (other than statutory compensation) had been or would be given to any Directors as compensation for loss of office or otherwise in connection with the Proposal;
- (e) save for the CS Irrevocable Undertakings and the Alibaba Investments Irrevocable Undertaking, there was no arrangement or understanding (including any compensation arrangement) between the Offeror or any of the Offeror Concert Parties on the one hand and any of the Directors, recent Directors, Shareholders or recent Shareholders on the other hand having any connection with or dependence upon the Proposal;
- (f) there was no agreement, arrangement or understanding between the Offeror and any other person in relation to the transfer, charge or pledge of the Shares to be acquired pursuant to the Proposal, and the Offeror had no intention to transfer, charge or pledge any Shares acquired pursuant to the Proposal to any other person;
- (g) save for the Cancellation Price payable under the Scheme, the Offeror or the Offeror Concert Parties had not paid and would not pay any other consideration, compensation or benefit in whatever form to the Scheme Shareholders or persons acting in concert with them in relation to the Scheme Shares;
- (h) save for the CS Irrevocable Undertakings and the Alibaba Investments Irrevocable Undertaking, no arrangement or understanding (including any compensation arrangement) existed between any of the Directors and any other person which was conditional on or was dependent upon the outcome of the Proposal or otherwise connected with the Proposal;

- (i) there was no material contract which had been entered into by the Offeror in which any Director had a material personal interest;
- (j) no person had any arrangement of the kind referred to in the third paragraph of 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” under the Takeovers Code 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;
- (k) there was no understanding, agreement, arrangement or special deal (as defined under Rule 25 of the Takeovers Code) between the Offeror and any of the Offeror Concert Parties on one hand and the Scheme Shareholders and persons acting in concert with any of them on the other hand; and
- (l) save for the CS Irrevocable Undertakings and the Alibaba Investments Irrevocable Undertaking, there was no arrangement, agreement or special deal (as defined under Rule 25 of the Takeovers Code) between (i) any Shareholders and (ii)(1) the Offeror and Offeror Concert Parties, or (ii)(2) the Company, its subsidiaries or associated companies.

SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into a service contract with any member of the Group or the associated companies of the Company which were in force and which: (a) (including both continuous and fixed term contracts) had been entered into or amended within the Relevant Period; (b) were continuous contracts with a notice period of 12 months or more; or (c) were fixed term contracts with more than 12 months to run irrespective of the notice period.

MATERIAL LITIGATION

As at the Latest Practicable Date, save as disclosed below, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration or claim of material importance and no litigation or claim of material importance was pending or threatened by or against the Company or any other members of the Group.

As disclosed in note 23(i) to the condensed consolidated financial statements contained in the interim report of the Company for the six months ended 30 June 2023, Nanjing Skytech has been involved in a series of disputes with Janful Limited over a joint venture company set up between Nanjing Skytech and Janful Limited in 2000. On 15 September 2015, the Group received a court order issued by the Nanjing Intermediate People’s Court, ordering the defendants of the Group to pay damages of approximately RMB27,906,000 to the said joint venture company, namely Nanhua Skytech Technology Co., Ltd. Since then, various court hearings and arbitrations have been held in respect of such court order. On 8 April 2019, the Group received a judgment made by the Supreme People’s Court of the PRC to order the Higher People’s Court of Jiangsu Province to conduct a second review on the case and stop the execution of judgment made by the Higher People’s Court of Jiangsu Province during such reviewing period. Since then, various court hearings have been held in respect of the matter with the most recent hearing held on 7

December 2023 at the Higher People’s Court of Jiangsu Province. As of the Latest Practicable Date, the Higher People’s Court of Jiangsu Province has not handed down the judgment to the litigation, nor announced the date on which the judgment to the litigation would be handed down.

Further, as disclosed in note 23(ii) to the condensed consolidated financial statements contained in the interim report of the Company for the six months ended 30 June 2023, Nanjing Skytech and Jiangsu Skytech Investment Management Co., Limited (both subsidiaries of the Company, and collectively as defendants) have been involved in a procurement dispute with an independent third party as plaintiff (the “**Plaintiff**”). The Plaintiff claimed the outstanding contract sum and liquidated damages in the total amount of approximately RMB10,424,000. The Group has engaged a competent legal adviser to act for its interest in respect of the litigation. On 11 October 2022, the Group received a judgment from Nanjing Jiangbei New Area People’s Court and ordered that Nanjing Skytech is required to pay a sum of approximately RMB7,977,000 plus related costs of approximately RMB876,000. The Group had issued a defend letter and accepted by Nanjing Intermediate People’s Court. On 5 January 2024, Nanjing Intermediate People’s Court handed down its judgment, which affirmed the ruling of Nanjing Jiangbei New Area People’s Court and ordered Nanjing Skytech to pay a sum of approximately RMB7,977,000 plus related costs of approximately RMB876,000. As at the date of this Scheme Document, Nanjing Skytech had duly paid the required sum in its entirety in accordance with the court order.

Considering appropriate provisions and accounting treatments have been made in the financial statements of the Company as disclosed in the interim report of the Company for the six months ended 30 June 2023, the Directors confirm that the above litigations did not have any material adverse impact on the operating results or financial condition of the Group.

MATERIAL CONTRACTS

As at the Latest Practicable Date, none of the members of the Group had entered into any material contracts, not being contracts entered into in the ordinary course of business carried on or intended to be carried on by any member of the Group, within the two years before the Offer Period and up to and including the Latest Practicable Date.

EXPERTS AND CONSENTS

The following are the qualifications of each of the experts who has given opinions or advices which are contained in this Scheme Document:

Name	Qualification
Rainbow Capital	a licensed corporation under the SFO, licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities
Elstone Capital	a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO

Each of the experts mentioned above has given and has not withdrawn its written consent to the issue of this Scheme Document with the inclusion in this Scheme Document of the text of its letter, report or opinion (as the case may be) and references to its name in the form and context in which they are included.

As at the Latest Practicable Date, none of the experts mentioned above has any shareholdings in the Company.

MISCELLANEOUS

- (a) The registered office of the Company is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.
- (b) The principal place of business of the Company in Hong Kong is at 40th Floor, Dah Sing Financial Centre, No. 248 Queen's Road East, Wanchai, Hong Kong.
- (c) The principal share registrar and transfer office of the Company is Conyers Trust Company (Cayman) Limited, which is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.
- (d) The Hong Kong Branch Share Registrar is Tricor Investor Services Limited, which is at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.
- (e) As at the Latest Practicable Date, the principal members of the Offeror Concert Parties were (i) Ms. Xin; (ii) Mr. Wang; (iii) Long Capital; and (iv) Telewise Group.
- (f) Information regarding the Offeror and the principal members of the Offeror Concert Parties named in (e) above is set out below:
 - (i) The sole director of the Offeror is Ms. Xin. The registered office of the Offeror is at 2/F, Palm Grove House, P.O. Box 3340, Road Town, Tortola, VG1110, British Virgin Islands and the correspondence address of the Offeror in Hong Kong is at 40th Floor, Dah Sing Financial Centre, No. 248 Queen's Road East, Wanchai, Hong Kong. As at the Latest Practicable Date, the Offeror is owned as to 86.54% by Long Capital and 13.46% by Telewise Group.
 - (ii) The sole director of Long Capital is Ms. Xin. The registered office of Long Capital is at P.O. Box 957, Vistra Corporate Services Centre, Road Town, Tortola, British Virgin Islands and the correspondence address of Long Capital in Hong Kong is at 40th Floor, Dah Sing Financial Centre, No. 248 Queen's Road East, Wanchai, Hong Kong. As at the Latest Practicable Date, Long Capital is wholly-owned by Ms. Xin.
 - (iii) The sole director of Telewise Group is Mr. Wang. The registered office of Telewise Group is at P.O. Box 957, Vistra Corporate Services Centre, Road Town, Tortola, British Virgin Islands and the correspondence address of Telewise Group in Hong Kong

is at 40th Floor, Dah Sing Financial Centre, No. 248 Queen's Road East, Wanchai, Hong Kong. As at the Latest Practicable Date, Telewise Group is wholly-owned by Mr. Wang.

- (iv) The correspondence address of Ms. Xin is at No. 26 Tianpu Road, Economic Development Zone, Jiangbei New Area, Nanjing City, Jiangsu, the PRC.
- (v) The correspondence address of Mr. Wang is at No. 26 Tianpu Road, Economic Development Zone, Jiangbei New Area, Nanjing City, Jiangsu, the PRC.
- (g) The principal place of business of Rainbow Capital is at Office No. 710, 7/F Wing On House, No. 71 Des Voeux Road Central, Hong Kong.
- (h) The principal place of business of the Independent Financial Adviser is at Suites 1601-04, 16/F., West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong.
- (i) The company secretary of the Company is Dr. Ngai Wai Fung, who is a fellow of the Association of Chartered Certified Accountants in the United Kingdom, a member of the Hong Kong Institute of Certified Public Accountants, a fellow of the Chartered Governance Institute and a fellow of the Hong Kong Chartered Governance Institute.

DOCUMENTS ON DISPLAY

Copies of the following documents will be available for inspection on the website of the Company at www.sinosoft-technology.com, and the website of the SFC at www.sfc.hk during the period from the date of this Scheme Document until the Effective Date or the date on which the Scheme lapses or is withdrawn, whichever is earlier:

- (a) the memorandum of association and articles of association of the Offeror;
- (b) the memorandum of association and articles of association of the Company;
- (c) the annual reports of the Company for the years ended 31 December 2020, 2021 and 2022;
- (d) the interim reports of the Company for the six months ended 30 June 2022 and 2023;
- (e) the letter from the Board, the text of which is set out in Part III of this Scheme Document;
- (f) the letter from the Independent Board Committee, the text of which is set out in Part IV of this Scheme Document;
- (g) the letter from the Independent Financial Adviser, the text of which is set out in Part V of this Scheme Document;
- (h) the written consents referred to in the section headed "Experts and consents" in this Appendix;

- (i) the CS Irrevocable Undertakings;
- (j) the Alibaba Investments Irrevocable Undertaking; and
- (k) this Scheme Document.

**IN THE GRAND COURT OF THE CAYMAN ISLANDS
FINANCIAL SERVICES DIVISION**

Cause No. FSD 413 of 2023 (JAJ)

IN THE MATTER OF SECTION 86 OF THE COMPANIES ACT (2023 REVISION) (AS REVISED)

AND IN THE MATTER OF ORDER 102 OF THE GRAND COURT RULES 1995 (AS REVISED)

**AND IN THE MATTER OF SINOSOFT TECHNOLOGY GROUP LIMITED
中國擎天軟件科技集團有限公司**

SCHEME OF ARRANGEMENT

BETWEEN

**SINOSOFT TECHNOLOGY GROUP LIMITED
中國擎天軟件科技集團有限公司**

AND

**THE SCHEME SHAREHOLDERS
(AS DEFINED BELOW)**

(A) In this scheme of arrangement, unless inconsistent with the subject or context, the following expressions shall bear the following meanings:

“acting in concert”	has the meaning given to it in the Takeovers Code, and “persons acting in concert” and “concert parties” shall be construed accordingly
“Board”	the board of directors of the Company
“Business Day”	a day on which the Stock Exchange is open for transaction for business
“Cancellation Price”	the cancellation price of HK\$0.330 per Scheme Share
“Companies Act”	the Companies Act (2023 Revision) of the Cayman Islands (As Revised)

“Company”	Sinosoft Technology Group Limited 中國擎天軟件科技集團有限公司, an exempted company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 1297)
“Condition(s)”	the condition(s) to the Proposal as set out in the paragraph headed “Conditions of the Proposal and the Scheme” under the section headed “Terms of the Proposal” in the Explanatory Memorandum in Part VI of the Scheme Document
“Controlling Shareholders”	collectively, Long Capital and Telewise Group
“Court Meeting”	a meeting of the Scheme Shareholders convened at the directions of the Grand Court to be held at 9:00 a.m. on Monday, 19 February 2024 at 5/F, United Centre, 95 Queensway, Hong Kong, at which the Scheme (with or without modification) will be voted upon, or any adjournment thereof
“CS Cancellation Consideration”	the aggregate consideration to be received by the Controlling Shareholders for the cancellation of their CS Scheme Shares under the Scheme, being an amount equivalent to the aggregate amount of the Cancellation Price with respect to all the CS Scheme Shares which will be applied to credit as fully paid the unpaid Offeror Shares held by the Controlling Shareholders
“CS Scheme Shares”	the aggregate 586,850,400 Scheme Shares held by the Controlling Shareholders (representing approximately 48.01% of the issued Shares)
“Effective Date”	the date on which the Scheme becomes effective in accordance with the Companies Act and the Conditions
“EGM”	an extraordinary general meeting of the Company to be held at 10:00 a.m. on Monday, 19 February 2024 (or as soon as practicable after the conclusion or adjournment of the Court Meeting) at 5/F, United Centre, 95 Queensway, Hong Kong, for the purposes of considering and if thought fit, approving, all necessary resolutions for the implementation of the Proposal, or any adjournment thereof

“Executive”	the Executive Director of the Corporate Finance Division of the Securities and Futures Commission of Hong Kong or any delegate of the Executive Director
“Explanatory Memorandum”	the explanatory memorandum set out in Part VI of the Scheme Document
“Grand Court”	the Grand Court of the Cayman Islands
“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 Company comprising of Mr. Chan Choo Tee, Mr. Li Dong and Mr. Zong Ping, each an independent non-executive director of the Company
“Independent Financial Adviser”	Elstone Capital Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser appointed to advise the Independent Board Committee in relation to the Proposal and the Scheme
“Independent Shareholders”	all Shareholders, other than the Offeror and the Offeror Concert Parties
“Latest Practicable Date”	23 January 2024, being the latest practicable date prior to the printing of the Scheme Document for the purpose of ascertaining certain information contained in the Scheme Document
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Long Capital”	Long Capital International Limited, a limited liability company incorporated in the British Virgin Islands and is wholly and beneficially owned by Ms. Xin
“Long Stop Date”	31 May 2024 or such later date as may be agreed by the Offeror and the Company or, to the extent applicable, as the Grand Court may direct, and in all cases, as permitted by the Executive

“Mr. Wang”	Mr. Wang Xiaogang, a holder of Shares and the spouse of Ms. Xin
“Ms. Xin”	Ms. Xin Yingmei, the chairlady of the Board and an executive director of the Company and a controlling shareholder
“Offeror”	Worth Glory Limited, a limited liability company incorporated in the British Virgin Islands and is owned as to 86.54% by Long Capital and 13.46% by Telewise Group
“Offeror Concert Party(ies)”	party(ies) acting in concert or presumed to be acting in concert with the Offeror, the Controlling Shareholders, Ms. Xin or Mr. Wang, including but not limited to Robust Effort Limited, Mr. Su Hui, Mr. Ren Geng and Rainbow Capital (HK) Limited
“Offeror Share(s)”	the ordinary share(s) in the capital of the Offeror
“Proposal”	the proposal for the privatisation of the Company by the Offeror by way of the Scheme, on the terms and subject to the conditions as described in the Scheme Document
“Scheme”	the scheme of arrangement under section 86 of the Companies Act for the implementation of the Proposal
“Scheme Document”	the scheme document (of which the Scheme forms part) of the Offeror and the Company containing, amongst other things, further details of the Proposal and the Scheme
“Scheme Record Date”	1 March 2024 (or such other date as may be announced to the Shareholders), being the record date for the purpose of determining entitlements of the Scheme Shareholders under the Scheme
“Scheme Share(s)”	the Share(s) in issue on the Scheme Record Date
“Scheme Shareholder(s)”	the registered holders of the Scheme Shares as at the Scheme Record Date (which, for the avoidance of doubt, shall include Shares held by the Controlling Shareholders)
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

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|------------------|---|
| “Share(s)” | the ordinary share(s) of a nominal or par value of HK\$0.01 each in the share capital of the Company |
| “Shareholder(s)” | registered holder(s) of Share(s) |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Takeovers Code” | the Code on Takeovers and Mergers in Hong Kong |
| “Telewise Group” | Telewise Group Limited, a limited liability company incorporated in the British Virgin Islands and is wholly and beneficially owned by Mr. Wang |
- (B) The Company was incorporated as an exempted company on 6 January 2011 with limited liability in the Cayman Islands.
- (C) As at the Latest Practicable Date, the authorised share capital of the Company was HK\$80,000,000 divided into 8,000,000,000 Shares of HK\$0.01 each. As at the Latest Practicable Date, the issued share capital of the Company was HK\$12,223,846 divided into 1,222,384,600 Shares of HK\$0.01 each. Since 9 July 2013, the issued Shares of the Company have been listed and traded on the Main Board of the Stock Exchange.
- (D) The Offeror has proposed the privatisation of the Company by way of the Scheme.
- (E) The primary purpose of the Scheme is to privatise the Company as a result of cancelling and extinguishing all of the Scheme Shares in consideration for the Cancellation Price so that the Company will be wholly-owned by the Offeror. Contemporaneously with the cancellation and extinguishment of the Scheme Shares, the share capital of the Company will be maintained by the issuance at par to the Offeror, credited as fully paid, of the aggregate number of Shares as is equal to the number of Scheme Shares cancelled. The reserve created in the Company’s books of account as a result of the cancellation of the Scheme Shares will be applied in paying up in full at par the new Shares so issued to the Offeror.

(F) As at the Latest Practicable Date, the major shareholdings were as follows:

	Number of Shares
Offeror	
Worth Glory Limited ^(a)	–
Offeror Concert Party	
Long Capital International Limited ^(b)	507,873,400
Telewise Group Limited ^(c)	78,977,000
Robust Effort Limited ^(d)	2,317,600
Mr. Su Hui ^(e)	<u>50,000</u>
Offeror and Offeror Concert Parties Subtotal:	<u>589,218,000</u>
Independent Shareholders	
Alibaba.com Investment Holding Limited	165,000,000
Other Independent Shareholders	<u>468,166,600</u>
Independent Shareholders Sub-total:	<u>633,166,600</u>
Total	<u><u>1,222,384,600</u></u>

Notes: The following are the notes in respect of the table above:

- (a) The Offeror does not legally or beneficially own, control or have direction over any Shares. The Offeror is a limited liability company incorporated in the British Virgin Islands and is owned as to 86.54% by Long Capital and 13.46% by Telewise Group.
- (b) Long Capital is a limited liability company incorporated in the British Virgin Islands and is wholly-owned by Ms. Xin.
- (c) Telewise Group is a limited liability company incorporated in the British Virgin Islands and is wholly-owned by Mr. Wang.
- (d) Robust Effort Limited is wholly-owned by Ms. Xin Yingli and Mr. Wu Jianfa, the sister and brother-in-law of Ms. Xin.
- (e) Mr. Su Hui is an executive director of the Company and an Offeror Concert Party by virtue of the definition of “acting in concert” under the Takeovers Code.
- (f) The shareholding percentage in the table is subject to rounding adjustment.
- (G) Each of the Offeror, the Controlling Shareholders and parties acting in concert with any of them will procure that any Shares in respect of which they are legally and/or beneficially interested will not be represented nor voted at the Court Meeting.

- (H) Each of the Controlling Shareholders has provided an undertaking to the Grand Court (a) not to vote at the Court Meeting; and (b) to agree to and be bound by the Scheme and to receive the CS Cancellation Consideration in consideration for the cancellation of their CS Scheme Shares under the Scheme.
- (I) The Offeror has undertaken to the Grand Court to be bound by the terms of the Scheme and to execute and do and procure to be executed and done all such documents and things as may be necessary or desirable to be executed or done by each of them for the purposes of giving effect to the Scheme.

**THE SCHEME
PART I**

CANCELLATION AND EXTINGUISHMENT OF THE SCHEME SHARES

1. On the Effective Date:
- (a) all Scheme Shares shall be cancelled and extinguished;
 - (b) contemporaneously with the cancellation of the Scheme Shares, the issued share capital of the Company shall be maintained by the issuance to the Offeror, credited as fully paid, an aggregate number of Shares which is equal to the number of Scheme Shares cancelled; and
 - (c) the Company shall apply the reserve created in its books of account as a result of the cancellation of the Scheme Shares in paying up in full the new Shares issued to the Offeror.

PART II

**CONSIDERATION FOR CANCELLATION AND
EXTINGUISHMENT OF THE SCHEME SHARES**

2. All the Scheme Shares will be cancelled and extinguished in consideration for the Cancellation Price, which:
- (a) with respect to the Cancellation Price payable for the Scheme Shares (other than CS Scheme Shares), will be paid in cash;
 - (b) with respect to the Cancellation Price payable for the CS Scheme Shares, the Cancellation Price will be satisfied by the CS Cancellation Consideration.

PART III

GENERAL

3. (a) As soon as possible and but in any event within seven Business Days following the Effective Date, the Offeror shall (i) post or cause to be posted cheques to the Scheme Shareholders (other than the Controlling Shareholders) in respect of the sums payable to such Scheme Shareholders pursuant to paragraph 2 of the Scheme and (ii) credit or cause to be credited the unpaid Offeror Shares held by the Controlling Shareholders as fully paid in an amount equivalent to the aggregate amount of the Cancellation Price with respect to all the CS Scheme Shares.
- (b) All cheques shall be sent by ordinary post in postage pre-paid envelopes addressed to such Scheme Shareholders at their respective registered addresses as appearing in the register of members of the Company as at the Scheme Record Date, or in the case of joint holders, at the address appearing in the register of members of the Company as at the Scheme Record Date of the joint holder whose name then stands first in the register of members of the Company in respect of the relevant joint holding.
- (c) All cheques shall be made payable to the order of the person or persons to whom, in accordance with the provisions of paragraph 3(b) of the Scheme, the envelope containing the same is addressed and the encashment of any such cheque shall be a good discharge to the Offeror for the moneys represented thereby.
- (d) All such cheques shall be posted at the risk of the addressees and none of the Offeror, the Company, the financial adviser to the Offeror, the Independent Financial Adviser, the Hong Kong branch share registrar and transfer office of the Company or any of their respective directors, officers, employees, agents, affiliates or advisers or any other persons involved in the Proposal shall be liable for any loss or delay in despatch.
- (e) On or after the day being six calendar months after the posting of the cheques pursuant to paragraph 3(b) of the Scheme, the Offeror shall have the right to cancel or countermand payment of any such cheque which has not been cashed or has been returned uncashed, and shall place all monies represented thereby in a deposit account in the name of the Offeror with a licensed bank in Hong Kong selected by the Offeror. The Offeror shall hold such monies on trust until the expiry of six years from the Effective Date and shall, prior to such date, make payments therefrom of the sums payable pursuant to paragraph 2 of the Scheme, without interest earned thereon, to persons who satisfy the Offeror that they are respectively entitled thereto, provided that the cheques referred to in the foregoing sentence of which they are payees have not been cashed. Any payments made by the Offeror shall not include any interest accrued on the sums to which the respective persons are entitled pursuant to the Scheme. The Offeror shall exercise its absolute discretion in determining whether or not it is satisfied that any person is so entitled, and a certificate of the Offeror to the effect that any particular person is so entitled or not so entitled, as the case may be, shall be conclusive and binding upon all persons claiming an interest in the relevant monies.

- (f) On the expiry of six years from the Effective Date, the Offeror shall be released from any further obligation to make any payments under the Scheme and the Offeror shall be absolutely entitled to the balance (if any) of the sums then standing to the credit of the deposit account referred to in paragraph 3(e) of the Scheme, including accrued interest subject to any deduction required by law and expenses incurred.
 - (g) Paragraph 3(f) shall take effect subject to any prohibition or condition imposed by law.
- 4. As from and including the Effective Date:
 - (a) all certificates for the Scheme Shares shall cease to have effect as documents or evidence of title for such Scheme Shares and every holder thereof shall be bound, at the request of the Company, to deliver up such certificates to the Company or to any person appointed by the Company to receive the same for cancellation;
 - (b) all instruments of transfer validly subsisting as at the Scheme Record Date in respect of the transfer of any number of the Scheme Shares shall cease to be valid for all purposes as instruments of transfer; and
 - (c) all mandates or other instructions to the Company in force as at the Scheme Record Date in relation to any of the Scheme Shares shall cease to be valid as effective mandates or instructions.
- 5. Subject to the Conditions having been fulfilled or waived, as applicable, the Scheme shall become effective as soon as a copy of the order of the Grand Court sanctioning the Scheme under section 86 of the Companies Act has been delivered to the Registrar of Companies in the Cayman Islands for registration pursuant to section 86(3) of the Companies Act.
- 6. Unless the Scheme shall have become effective on or before the Long Stop Date, the Scheme shall lapse.
- 7. The Company and the Offeror may jointly consent for and on behalf of all parties concerned to any modification of or addition to the Scheme or to any condition which the Grand Court may see fit to approve or impose.
- 8. All costs, charges and expenses shall be borne and paid in the manner described in the Scheme Document.

**IN THE GRAND COURT OF THE CAYMAN ISLANDS
FINANCIAL SERVICES DIVISION**

Cause No. FSD 413 of 2023 (JAJ)

IN THE MATTER OF SECTION 86 OF THE COMPANIES ACT (2023 REVISION) (AS REVISED)

AND IN THE MATTER OF ORDER 102 OF THE GRAND COURT RULES 1995 (AS REVISED)

AND IN THE MATTER OF SINOSOFT TECHNOLOGY GROUP LIMITED 中國擎天軟件科技集團有限公司

NOTICE OF COURT MEETING

NOTICE IS HEREBY GIVEN that, by an order dated 24 January 2024 (the “**Order**”) made in the above matter, the Grand Court of the Cayman Islands (the “**Grand Court**”) has directed a meeting (the “**Court Meeting**”) to be convened of the Scheme Shareholders (as defined in the Scheme Document (as defined further below)) for the purpose of considering and, if thought fit, approving a scheme of arrangement (with or without modifications) (the “**Scheme**”) proposed to be made between Sinosoft Technology Group Limited 中國擎天軟件科技集團有限公司 (the “**Company**”) and the Scheme Shareholders and that the Court Meeting will be held at 9:00 a.m. (Hong Kong time) on Monday, 19 February 2024 at 5/F, United Centre, 95 Queensway, Hong Kong at which all Scheme Shareholders are invited to attend.

A copy of the Scheme and a copy of an explanatory memorandum explaining the effect of the Scheme are incorporated in the composite scheme document (the “**Scheme Document**”) of which this notice forms part. A copy of the Scheme Document may also be obtained by Scheme Shareholders from the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong during usual business hours.

Scheme Shareholders may vote in person at the Court Meeting or they may appoint another person (who must be an individual), whether a member of the Company or not, to attend, speak and vote in their stead. Any Scheme Shareholder who is the holder of two or more Scheme Shares (as defined in the Scheme Document) may appoint more than one proxy to represent him/her. If more than one proxy is appointed, the number of Scheme Shares in respect of which each such proxy is so appointed must be specified in the relevant form of proxy. A **pink** form of proxy for use at the Court Meeting (or any adjournment thereof) is enclosed with the Scheme Document. Completion and return of the **pink** form of proxy will not prevent a Scheme Shareholder from attending and voting in person at the Court Meeting (or any adjournment thereof), if he/she so wishes and in such event, the **pink** form of proxy submitted shall be revoked by operation of law.

In the case of joint registered holders of a Scheme Share, any one of such joint holders may vote at the Court Meeting, either in person or by proxy, in respect of such Scheme Share as if he/she was solely entitled thereto. However, if more than one of such joint holders be present at the Court Meeting, the vote of the senior holder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the vote(s) of the other joint holder(s) and for this purpose, seniority will be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.

In order to be effective, the **pink** forms of proxy together with the power of attorney or other authority (if any) under which it is signed or a certified copy thereof must be deposited at the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 9:00 a.m. on Saturday, 17 February 2024. Alternatively, the pink forms of proxy must be handed to the chairman of the Court Meeting at the commencement of the Court Meeting if not so deposited.

By the Order, the Grand Court has appointed any one of the independent non-executive directors of the Company, as agreed between them, or any other officer of the Company in attendance at the Court Meeting to act as the chairman of the Court Meeting and has directed the chairman of the Court Meeting to report the results of the Court Meeting to the Grand Court.

The Scheme will be subject to the subsequent sanction by the Grand Court.

**On behalf of the board of directors of
Sinosoft Technology Group Limited
中國擎天軟件科技集團有限公司
Ms. Xin Yingmei
Director**

Hong Kong, 26 January 2024

Registered Office

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

Principal Place of Business in Hong Kong

40th Floor, Dah Sing Financial Centre,
No. 248 Queen's Road East, Wanchai
Hong Kong

Notes:

- (1) Voting at the Court Meeting will be taken by poll as required under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and The Hong Kong Code on Takeovers and Mergers.
- (2) The register of members of the Company will be closed from Wednesday, 14 February 2024 to Monday, 19 February 2024 (both days inclusive) and during such period no transfer of shares will be registered. In order to be entitled to attend and vote at the Court Meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Friday, 9 February 2024.



SINOSOFT
TECHNOLOGY

SINOSOFT TECHNOLOGY GROUP LIMITED

中國擎天軟件科技集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1297)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “**EGM**”) of Sinosoft Technology Group Limited 中國擎天軟件科技集團有限公司 (the “**Company**”) will be held at 10:00 a.m. (Hong Kong time) (or as soon as practicable after the conclusion or the adjournment of the Court Meeting (as defined in the Scheme Document (as further defined below)) on Monday, 19 February 2024 at 5/F, United Centre, 95 Queensway, Hong Kong, for the purpose of considering and, if thought fit, approving the following resolutions:

SPECIAL RESOLUTION

1. “**THAT:**

for the purpose of giving effect to the scheme of arrangement between the Company and the Scheme Shareholders (as defined in the Scheme Document (as defined further below)) (the “**Scheme**”) as set out in the scheme document of the Company dated 26 January 2024 (the “**Scheme Document**”) and subject to the approval of the Scheme by the Scheme Shareholders at the Court Meeting (as defined in the Scheme Document), on the Effective Date (as defined in the Scheme Document), any reduction of the issued share capital of the Company associated with the cancellation and extinguishment of the Scheme Shares (as defined in the Scheme Document) be and is hereby approved.”

ORDINARY RESOLUTION

2. “**THAT:**

- (a) subject to and contemporaneously with the cancellation and extinguishment of the Scheme Shares, the maintenance of the issued share capital of the Company at the amount prior to the cancellation and extinguishment of the Scheme Shares by applying the credit created as a result of the aforesaid cancellation and extinguishment of the Scheme Shares to pay up in full at par such number of new Shares (as defined in the Scheme Document) as is equal to the number of Scheme Shares cancelled for allotment

and issuance to the Offeror (as defined in the Scheme Document) be and is hereby approved; and that the directors of the Company be and are hereby authorised to allot and issue such new Shares accordingly; and

- (b) any one director of the Company be and is hereby authorised to do all acts and things and to execute all such documents as considered by him/her to be necessary or desirable for or in connection with the implementation of the Proposal (as defined in the Scheme Document), including (without limitation) (i) the making of an application to The Stock Exchange of Hong Kong Limited for the withdrawal of the listing of Shares, subject to the Scheme taking effect; (ii) any reduction of the share capital of the Company, (iii) the allotment and issue of Shares to the Offeror referred to above; and (iv) the giving, on behalf of the Company, of consent to any modification of, or addition to, the Scheme, which the Grand Court of the Cayman Islands may see fit to impose.”

On behalf of the board of directors of
Sinosoft Technology Group Limited
中國擎天軟件科技集團有限公司
Ms. Xin Yingmei
Director

Hong Kong, 26 January 2024

Registered office:

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

Principal Place of Business in Hong Kong:

40th Floor, Dah Sing Financial Centre
No. 248 Queen’s Road East
Wanchai
Hong Kong

Notes:

- (1) Unless otherwise defined herein, capitalised terms used herein shall have the same meaning ascribed to them in the composite scheme document dated 26 January 2024 (the “**Scheme Document**”), of which this notice forms part.
- (2) A shareholder entitled to attend and vote at the EGM is entitled to appoint another person as his/her proxy to attend and vote instead of him/her. A proxy need not be a member of the Company.
- (3) A **white** form of proxy for use at the EGM (or any adjournment thereof) is enclosed with the Scheme Document.

- (4) In the case of joint registered holders of a Share, any one of such joint holders may vote at the EGM, either in person or by proxy, in respect of such Share as if he/she was solely entitled thereto. However, if more than one of such joint holders be present at the EGM, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the vote(s) of the other joint holder(s) and, for this purpose, seniority will be determined by the order in which the names stand in the register of members of the Company in respect of the relevant joint holding.
- (5) In order to be valid, the **white** form of proxy, together with the power of attorney or other authority (if any) under which it is signed or a certified copy thereof, must be lodged with Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not less than 48 hours before the time for holding the EGM or any adjournment thereof, failing which the **white** form of proxy will not be valid. Completion and return of the white form of proxy will not preclude a member from attending the EGM and voting in person if he/she so wishes and in such event, the **white** form of proxy submitted will be revoked by operation of law.
- (6) Voting at the EGM will be taken by poll as required under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and The Hong Kong Code on Takeovers and Mergers.
- (7) The register of members of the Company will be closed from Wednesday, 14 February 2024 to Monday, 19 February 2024 (both days inclusive) and during such period no transfer of Shares will be registered. In order to be entitled to attend and vote at the EGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Friday, 9 February 2024.