

7 March 2025

To the Offer Shareholders and the Optionholders

Dear Sir/Madam,

**MANDATORY UNCONDITIONAL CASH OFFERS BY
LEGO SECURITIES LIMITED
FOR AND ON BEHALF OF HOME OFFICE DEVELOPMENT LIMITED
TO ACQUIRE ALL THE ISSUED SHARES OF AND
TO CANCEL ALL OUTSTANDING SHARE OPTIONS OF
HOWKINGTECH INTERNATIONAL HOLDING LIMITED
(OTHER THAN THOSE ALREADY OWNED AND/OR
AGREED TO BE ACQUIRED BY
HOME OFFICE DEVELOPMENT LIMITED
AND/OR PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

References are made to the Joint Announcement and the announcement dated 27 January 2025 jointly issued by the Offeror and the Company in relation to, among others, the SPAs and the Offers. Unless otherwise specified, capitalised terms used in this letter shall have the same meanings as those defined in this Composite Document.

As disclosed in the Joint Announcement, on 17 January 2025 (after trading hours), the Selling Shareholders, the corresponding Guarantors (where applicable in respect of the Controlling Shareholder SPA, the Other SPA 1, the Other SPA 3, the Other SPA 4, the Other SPA 7 and the Other SPA 8 only) and the Offeror entered into the respective SPAs, pursuant to which the Selling Shareholders have conditionally agreed to sell and the Offeror has conditionally agreed to purchase an aggregate of 157,755,400 Sale Shares, representing approximately 70.11% of the entire issued share capital of the Company as at the date of the SPAs, for a total consideration of HK\$140,244,550.2 (equivalent to approximately HK\$0.889 per Sale Share). Completion took place on 27 January 2025.

Immediately upon Completion, the Offeror and parties acting in concert with it became interested in a total of 157,755,400 Shares, representing approximately 70.11% of the total issued share capital of the Company immediately upon Completion or approximately 67.42% of the total issued share capital of the Company as at the Latest Practicable Date. Pursuant to Rule 26.1 and Rule 13.5 of the Takeovers Code, the Offeror is required to make mandatory unconditional cash offers (i) to acquire all the issued Shares (other than those already owned and/or agreed to be acquired by the Offeror and/or parties acting in concert with it) and (ii) to cancel all the outstanding Share Options.

This letter forms part of this Composite Document which sets out, among others, principal details of the Offers, information on the Offeror and the intention of the Offeror on the Group. Further details of the Offers are set out in Appendix I to this Composite Document and the accompanying Forms of Acceptance.

MANDATORY UNCONDITIONAL CASH OFFERS

Principal details of the Offers

Lego Securities is, on behalf of the Offeror and in compliance with the Takeovers Code, making the Offers on the following basis:

The Share Offer

For each Offer Share HK\$0.889 in cash

The Share Offer Price of HK\$0.889 per Offer Share is marginally higher than the consideration of approximately HK\$0.889 (after rounding up to 3 decimal places) per Sale Share under each of the SPAs. The Offer Shares to be acquired under the Share Offer shall be fully paid and free and clear of any Encumbrances together with all rights attaching thereto, including the right to receive all and any dividends, distribution and other rights declared, made, distributed or paid on or after the date on which the Share Offer is made, being the date of this Composite Document.

As at the Latest Practicable Date, no outstanding dividend declared by the Company remained unpaid, and the Board advised that the Company has no intention to make, declare or pay any future dividend or make other distributions until after the close of the Share Offer.

The Option Offer

For cancellation of each Share Option HK\$0.0001 in cash

Pursuant to Rule 13 of the Takeovers Code, the Offeror is making an appropriate cash offer to the Optionholders for the cancellation of the Share Options. The Option Offer Price would normally be the see-through price which represents the amount by which the Share Offer Price per Offer Share exceeds the exercise price of each Share Option. Under the Option Offer, as the exercise price of all outstanding Share Options exceeds the Share Offer Price, the "see-through" price is negative and the Option Offer Price is at the nominal amount of HK\$0.0001 per Share Option.

The Share Offer is extended to all Offer Shareholders and the Option Offer is extended to all Optionholders (whether their respective Share Options are vested or not) in accordance with the Takeovers Code. Following acceptance of the Option Offer, the Share Options together with all rights attaching thereto will be entirely cancelled and renounced.

The Offers are unconditional in all aspects when being made, and will not be conditional upon any minimum level of acceptances being received or any other conditions.

Comparison of value

The Share Offer Price of HK\$0.889 per Offer Share represents:

- (i) a discount of approximately 71.32% to the closing price of HK\$3.10 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a premium of approximately 8.41% over the closing price of HK\$0.820 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a premium of approximately 19.81% over the average closing price of HK\$0.742 per Share based on the daily closing prices as quoted on the Stock Exchange for the five consecutive trading days immediately prior to and including the Last Trading Day;
- (iv) a premium of approximately 28.84% over the average closing price of HK\$0.690 per Share based on the daily closing prices as quoted on the Stock Exchange for the 10 consecutive trading days immediately prior to and including the Last Trading Day;
- (v) a premium of approximately 19.17% over the average closing price of approximately HK\$0.746 per Share based on the daily closing prices as quoted on the Stock Exchange for the 30 consecutive trading days immediately prior to and including the Last Trading Day;
- (vi) a discount of approximately 27.01% to the audited consolidated net asset value of the Company attributable to the Shareholders of approximately HK\$1.218 per Share as at 31 December 2023, calculated by dividing the audited consolidated net asset value of the Company attributable to the Shareholders of approximately RMB268,377,000 (equivalent to approximately HK\$285,043,212) as at 31 December 2023 by 233,974,000 Shares in issue as at the Latest Practicable Date; and
- (vii) a discount of approximately 19.03% to the unaudited consolidated net asset value of the Company attributable to the Shareholders of approximately HK\$1.098 per Share as at 30 June 2024, calculated by dividing the unaudited consolidated net asset value of the Company attributable to the Shareholders of approximately RMB241,830,000 (equivalent to approximately HK\$256,847,643) as at 30 June 2024 by 233,974,000 Shares in issue as at the date of the Latest Practicable Date.

Highest and lowest Share prices

During the Relevant Period, the highest and lowest closing prices of the Shares as quoted on the Stock Exchange were HK\$3.74 per Share on 21 February 2025 and HK\$0.60 per Share on 7 January 2025, respectively.

Value of the Offers

As at the Latest Practicable Date, the Company had a total of 233,974,000 Shares in issue and 13,376,000 outstanding Share Options.

Assuming no Share Options will be exercised prior to the close of the Offers, there will be 233,974,000 issued Shares. Excluding the 157,755,400 Shares held by the Offeror and/or parties acting in concert with it as at the Latest Practicable Date; and assuming no change in the issued share capital of the Company from the Latest Practicable Date up to the close of the Offers, (a) 76,218,600 Shares will be subject to the Share Offer and the value of the Share Offer will be HK\$67,758,335.4; and (b) the total consideration required to satisfy the cancellation of all the outstanding Share Options will be HK\$1,337.6. Accordingly, on the basis of full acceptance of the Offers, the maximum cash consideration payable by the Offeror under the Offers would be HK\$67,759,673.0.

Assuming all Share Options will be exercised prior to the close of the Offers, there will be 247,350,000 issued Shares. Excluding the 157,755,400 Shares held by the Offeror and/or parties acting in concert with it as at the Latest Practicable Date; and assuming no change in the issued share capital of the Company from the Latest Practicable Date up to the close of the Offers, (a) 89,594,600 Shares will be subject to the Share Offer and the value of the Share Offer will be HK\$79,649,599.4; and (b) the total consideration required to satisfy the cancellation of all the outstanding Share Options will be nil. Accordingly, on the basis of full acceptance of the Offers, the maximum cash consideration payable by the Offeror under the Offers would be HK\$79,649,599.4.

Confirmation of financial resources

The Offeror intends to finance and satisfy the consideration payable under the Offers from its internal resources.

Lego Corporate Finance, being the financial advisers to the Offeror in respect of the Offers, is satisfied that sufficient financial resources are, and will remain, available to the Offeror to satisfy the consideration payable by the Offeror upon full acceptance of the Offers.

Effect of accepting the Offers

By accepting the Share Offer, the Offer Shareholders will sell their tendered Shares to the Offeror which shall be fully paid and free and clear of any lien and together with all rights attaching to them, including all rights to any dividend or other distribution declared, made or paid on or after the date on which the Share Offer is made, being the date of despatch of this Composite Document. As at the Latest Practicable Date, no outstanding dividend declared by the Company remained unpaid, and it was advised by the Board that the Company has no intention to make, declare or pay any future dividend or make other distributions until after the close of the Share Offer.

By accepting the Option Offer, the Optionholders will agree to the cancellation of their tendered Share Options and all rights attached thereto with effect from the date on which the Option Offer is made, being the date of despatch of this Composite Document.

Acceptances of the Offers will be irrevocable and not capable of being withdrawn, except as permitted under the Takeovers Code.

Validity of Share Options upon close of the Offers

Pursuant to the Share Option Scheme, when this Composite Document is despatched, the Company shall forthwith notify all the grantees and any grantee (or his personal representatives) may by notice in writing to the Company within 21 days after the despatch of this Composite Document exercise the Share Options (not already exercised, whether vested or not vested) to its full extent or to the extent specified in such notice and after which, in accordance with the rules of the Share Option Scheme, the Share Options shall lapse automatically. **Accordingly, if the Optionholders do not take any action (exercise the Share Options or accept the Option Offer), their Share Options will lapse automatically.**

Hong Kong stamp duty

The seller's Hong Kong ad valorem stamp duty will be payable by the Offer Shareholders on acceptances of the Share Offer at a rate of 0.10% of (i) the market value of the Offer Shares; or (ii) the consideration payable by the Offeror in respect of the relevant acceptances of the Share Offer, whichever is higher, and the amount of such duty will be deducted from the amount payable by the Offeror to such person on acceptance of the Share Offer. The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of the relevant Offer Shareholders who accept the Share Offer and pay the buyer's Hong Kong ad valorem stamp duty in connection with the acceptance of the Share Offer and the transfer of the relevant Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

No stamp duty is payable in connection with the acceptances of the Option Offer.

Payment

Payment in cash in respect of the Offers will be made as soon as possible but in any event no later than seven (7) Business Days after the date on which the duly completed Form(s) of Acceptance and the relevant documents of title of the Shares or the Share Options (as the case may be) are received by the Registrar in respect of the Share Offer or the Company in respect of the Option Offer to render each such acceptance under the Offers complete and valid pursuant to Rule 20.1 and Note 1 to Rule 30.2 of the Takeovers Code.

No fractions of a cent will be payable and the amount of cash consideration payable to any person who accept the Offers will be rounded up to the nearest cent.

Taxation advice

Offer Shareholders and Optionholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offers. None of the Offeror and/or parties acting in concert with it, the Company, Lego Securities, Lego Corporate Finance, Innovax Capital, Registrar and (as the case may be) their respective ultimate beneficial owners, directors, officers, agents, advisers or associates or any other person involved in the Offers accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offers.

Availability of the Offers

The Offeror intends to make the Offers available to all Offer Shareholders and Optionholders, including the Overseas Shareholders and Overseas Optionholders. Based on the register of members of the Company, as at the Latest Practicable Date, 773,000 Shares (representing 0.28% of the total number of issued Shares) and 6,261,035 Shares (representing 2.68% of the total number of issued Shares) were held by Overseas Shareholders with registered address in New Zealand and Taiwan, respectively. However, the availability of the Offers to any Overseas Shareholders and Overseas Optionholders may be affected by the laws and regulations of the relevant jurisdiction in which they are resident. Overseas Shareholders and/or Overseas Optionholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should fully observe any applicable legal or regulatory requirements and, where necessary, seek independent legal advice. It is the responsibilities of the Overseas Shareholders and the Overseas Optionholders who wish to accept the Offers to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offers (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due from such Overseas Shareholders and/or Overseas Optionholders in respect of such jurisdictions).

Any acceptance of the Offers by any Overseas Shareholders and/or Overseas Optionholders will be deemed to constitute a representation and warranty from such Overseas Shareholders and/or Overseas Optionholders to the Offeror that the local laws and requirements have been complied with. Overseas Shareholders and Overseas Optionholders should consult their professional advisers if in doubt.

INFORMATION ON THE OFFEROR

The Offeror is an investment holding company incorporated in the British Virgin Islands with limited liability, and is directly wholly owned by Mr. Chan Chin Ching. The directors of the Offeror are Mr. Chan Chin Ching and Mr. Chan Chin Chun, who are brothers of each other.

Mr. Chan Chin Ching (Ray), aged 41, is a technology entrepreneur and investor born and raised in Hong Kong. He is the CEO and co-founder of Memeland, a Web3 venture studio building and investing in content, community, and culture. He is also the CEO and co-founder of 9GAG, currently one of the world's top three social media platforms in the humor category based on traffic share, according to similarweb.com, with the mission to make the world happier.

Ray's entrepreneurial journey began in 2008 when he and his co-founders launched 9GAG. Today, the platform has a global audience of 200 million across various social media channels, including Instagram (56 million), Facebook (40 million), X (16 million), Threads (6.5 million), Pinterest (3.9 million), TikTok (2.8 million), and WhatsApp (1.8 million). 9GAG, with a global user base and influence on internet culture, serves as an example of a technology company from Hong Kong achieving global reach.

Driven by his vision and passion for blockchain technology, Ray founded Memeland in 2022. Despite turbulent market conditions, Ray has quickly led Memeland to become a leader in Web3, creating Asia's No. 1 digital collectible brand, according to nftnow.com, by adopting a new paradigm of building blockchain-enabled social products that embrace internet culture and real-world utilities. Memeland has attracted major brand partnerships and, in turn, enhanced community engagement and fueled business growth.

Ray's X account (account name 9GAGCEO) has 1.9 million followers. He has been selected as one of the 50 most influential people in crypto by CoinDesk in 2024. He has also been named NFT Now's NFT100 in 2023, Prestige's 40 Under 40 in 2021, and Tatler's Gen.T Leaders of Tomorrow in 2018, among other accolades. He frequently shares his insights and experiences at universities and global conferences. Ray has been featured in top international media outlets, including CNN, CNBC, Forbes, and The Wall Street Journal. The City University of Hong Kong Press has recently published a book titled "Innovative Attitude: 6+ Trailblazing Startup Founders", which chronicles Ray's startup journey.

Ray currently serves as an honorary advisor to the World Vision Hong Kong, a board member of the Hong Kong Genome Institute, and a member of the HKSAR Government's Steering Committee on Prevention and Control of Non-Communicable Diseases.

Ray graduated from The University of Hong Kong with a Bachelor of Laws degree.

INTENTION OF THE OFFEROR ON THE GROUP

The Group is principally engaged in the provision of (i) data transmission and processing services for Internet of Thing ("IoT") applications in the PRC; and (ii) telecommunication equipment in the PRC. It is the intention of the Offeror to continue with the Group's existing principal business activities. In particular, the Offeror intends to expand the existing businesses of the Group through, among others, exploring business opportunities related to artificial intelligence, digital assets and Web3.

The convergence of IoT (existing business) and nextgen technologies (i.e. artificial intelligence, digital assets, and Web3) would create Decentralized Physical Infrastructure Networks ("DePIN(s)") that could potentially unlock new economies and tap into new markets geographically, i.e. outside of the PRC. DePINs enhance the interconnectivity of physical infrastructures, such as IoT devices, internet networks and cloud computing, and can be used to automate processes, manage data and ensure secure peer-to-peer interactions.

It is intended that the Offeror's expansion plan shall be achieved through seizing business opportunities including but not limited to the enablement of peer-to-peer applications that run on blockchain networks such as Ethereum, the integration of artificial intelligence and machine learning, and the expansion of decentralised networks.

An imminent use case of DePIN is smart cities that are adopting a Web3 strategy.

The Offeror is optimistic about the convergence of IoT and Web3, which paves the way for innovative real world use cases across various industries, enhancing security, efficiency, user control and scalability. As the Company has been engaged in the businesses of provision of data transmission and processing services for IoT applications for years, the Offeror is of the view that the Company has established an extensive network and reputation in the IoT industry, and that the Offeror will be able to grow the Company's business under its direction upon becoming the controlling Shareholder through the acquisition of the Sale Shares.

In addition, independent due diligence has been conducted prior to the acquisition of the Sale Shares, where no material issues were revealed by both financial and legal due diligence on the Group, and the Offeror was reasonably satisfied with the results.

Following the close of the Offers, the Offeror will conduct a review on the operations and financial position of the Group for the purpose of formulating business plans and strategies for the Group's long-term business development and will explore other business opportunities for the Group. Subject to the results of the review, and should suitable investment or business opportunities arise, the Offeror may consider whether any assets and/or business acquisitions or disposals by the Group will be appropriate in order to enhance its growth.

In view of the aforesaid, the Offeror is of the view that the Offers are in its long-term commercial interest.

Save for the Offeror's intention as set out above, as at the Latest Practicable Date, the Offeror had no intention (i) to make any significant changes to the employment of any key employees of the Group (except for the proposed changes, if any, to the members of the Board at a time no earlier than that permitted under the Listing Rules and the Takeovers Code or such later time as the Offeror considers to be appropriate, as further disclosed in the paragraph headed "Proposed change to the Board composition of the Company" below); (ii) to introduce any major changes to the existing operations and business of the Group; and (iii) to downsize, cease or dispose of any of the existing businesses, operations and assets of the Group (including but not limited to the Group's fixed assets which are not in the ordinary and usual course of business of the Group) as a result of completion of the Offers. However, the Offeror reserved the right to make any changes that it deems necessary or appropriate to the Group's business and operations to optimise the value of the Group.

As at the Latest Practicable Date, no investment or business opportunity had been identified nor had the Offeror entered into any agreement, arrangement, understanding or negotiation in relation to the injection of any assets or business into the Group, nor any business opportunities in relation to the injection of any assets or business into the Group were under consideration or negotiation.

PROPOSED CHANGE TO THE BOARD COMPOSITION OF THE COMPANY

As at the Latest Practicable Date, the Board comprised four executive Directors, namely Dr. Chen Ping, Ms. Wang Zheshi, Mr. Feng Yijing and Mr. Wang Jun, and three independent non-executive Directors, namely, Mr. Gu Jiong, Mr. Yang Hai and Mr. Fong Wo, Felix.

No Directors will resign before the close of the Offers. It is the intention of the Offeror to nominate new director(s) to the Board after the despatch of the Composite Document and with effect from the earliest time permitted under the applicable laws, rules and regulations, the Listing Rules and the Takeovers Code, whichever is the latest. As at the Latest Practicable Date, the Offeror had not reached any final decision as to who will be nominated as new director(s) of the Company. Any changes to the members of the Board will be made in compliance with the Takeovers Codes and the Listing Rules and further announcement(s) will be made as and when appropriate.

PUBLIC FLOAT AND MAINTAINING THE LISTING STATUS OF THE COMPANY

The Offeror intends to maintain the listing status of the Shares on the Main Board after the close of the Offers.

Pursuant to the Listing Rules, the Stock Exchange has stated that if, at the close of the Offers, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares (excluding treasury shares), are held by the public, or if the Stock Exchange believes that a false market exists or may exist in the trading of the Shares, or that there are insufficient shares in public hands to maintain an orderly market, it will consider exercising its discretion to suspend dealings in the Shares.

The directors of the Offeror have jointly and severally undertaken to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares, which may include but not limited to placing down of sufficient number of accepted Shares by the Offeror and/or issue of additional Shares by the Company for this purpose. No arrangements had been confirmed or put in place as at the Latest Practicable Date Further announcement(s) will be made in accordance with the requirements of the Listing Rules and the Takeovers Code as and when appropriate.

PROCEDURES FOR ACCEPTANCE AND SETTLEMENT

Your attention is drawn to the further details regarding the procedures for acceptance and settlement of the Offers set out in the Appendix I to this Composite Document and the accompanying Forms of Acceptance.

COMPULSORY ACQUISITION

The Offeror does not intend to exercise or apply any right which may be available to them to acquire compulsorily any Shares outstanding after the close of the Offers.

GENERAL

All documents and remittances to be sent to the Offer Shareholders and the Optionholders will be sent to them by ordinary post at their own risk. Such documents and remittances will be sent to them at their respective addresses as they appear in the register of members of the Company and in the case of joint Offer Shareholders, to such Offer Shareholder whose name appears first in the register of members of the Company, or in the case of joint Offer Optionholders, to such Optionholder whose name appears first in the records of the Company. None of the Offeror, the Company, Lego Securities, Lego Corporate Finance, Innovax Capital, Registrar and (as the case may be) their respective ultimate beneficial owners, directors, officers, agents, advisers or associates or any other person involved in the Offers will be responsible for any loss or delay in transmission of such documents and remittances or any other liabilities that may arise as a result thereof or in connection therewith.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this Composite Document and the accompanying Forms of Acceptance, which form parts of this Composite Document. You are reminded to read carefully the "Letter from the Board", the "Letter from the Independent Board Committee", the "Letter from the Independent Financial Adviser" and other information about the Group, which are set out in this Composite Document, before deciding whether or not to accept the Offers.

If you are in doubt about your position in connection with the Offers, you should consult a licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional advisers.

Yours faithfully,
For and on behalf of
Lego Securities Limited



Kelvin Li
Director