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

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If you are in doubt as to any aspect of the Offer, this Composite Document and/or the accompanying Form of Acceptance or 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 Unisplendour Technology (Holdings) Limited, you should at once hand this Composite Document and the accompanying Form of Acceptance to the purchaser(s) or the transferee(s) or to the bank or licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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

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

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**UNIC Capital Management Co., Ltd.\***

(中青芯鑫(蘇州工業園區)

資產管理有限責任公司)

(Incorporated in the PRC with limited liability)



**Unisplendour Technology (Holdings) Limited**

(紫光科技(控股)有限公司)\*

(Incorporated in Bermuda with limited liability)

(Stock Code: 00365)

**Sino Xin Ding Limited**

(芯鼎有限公司)

(Incorporated in Hong Kong with limited liability)

**COMPOSITE DOCUMENT RELATING TO  
MANDATORY UNCONDITIONAL CASH OFFER BY  
CHINA INTERNATIONAL CAPITAL CORPORATION  
HONG KONG SECURITIES LIMITED  
FOR AND ON BEHALF OF THE JOINT OFFERORS  
TO ACQUIRE ALL THE ISSUED SHARES IN  
UNISPLENDOUR TECHNOLOGY (HOLDINGS) LIMITED  
(OTHER THAN THOSE ALREADY OWNED AND/OR AGREED TO BE ACQUIRED  
BY THE JOINT OFFERORS AND PARTIES ACTING IN CONCERT WITH THEM)**

**Financial Adviser to the Joint Offerors**



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



建泉融資有限公司

VBG Capital Limited

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Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed "Definitions" in this Composite Document.

A letter from CICC containing, among other things, the terms of the Offer is set out on pages 8 to 24 of this Composite Document. A letter from the Board is set out on pages 25 to 33 of this Composite Document. A letter from the Independent Board Committee containing its recommendation in respect of the Offer to the Independent Shareholders is set out on pages 34 to 35 of this Composite Document. A letter from VBG Capital containing its advice to the Independent Board Committee is set out on pages 36 to 52. A property valuation report from RHL is set out in Appendix V to this Composite Document.

The procedures for acceptance and settlement of the Offer and related information are set out in Appendix I to this Composite Document and in the accompanying Form of Acceptance. Acceptances of the Offer should be received by the Registrar, Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, as soon as possible and in any event by no later than 4:00 p.m. on 4 November 2019 or such later time(s) and/or date(s) as the Joint Offerors may determine and announce, with the consent of the Executive, in accordance with the Takeovers Code.

Persons including, without limitation, custodians, nominees and trustees, who would, or otherwise intend to, forward this Composite Document and/or the Form of Acceptance to any jurisdiction outside Hong Kong, should read the details in this regard which are contained in the section headed "Important Notice", sub-paragraph headed "Overseas Shareholders" under the paragraph headed "The Offer" in the "Letter from CICC" on pages 8 to 24 of this Composite Document and the paragraph headed "7. Overseas Shareholders" in Appendix I to this Composite Document before taking any action. It is the responsibility of each Overseas Shareholder wishing to accept the Offer to satisfy himself, herself or itself as to the full observance of the laws and regulations of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents and any registration or filing which may be required and the compliance with all necessary formalities, regulatory and/or legal requirements. Overseas Shareholders are advised to seek professional advice on deciding whether or not to accept the Offer.

This Composite Document will remain on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([en.unistech.com.hk](http://en.unistech.com.hk)) as long as the Offer remains open.

\* For identification purposes only

Hong Kong, 14 October 2019

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## EXPECTED TIMETABLE

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*The timetable set out below is indicative only and may be subject to changes. Any changes to the timetable will be jointly announced by the Joint Offerors and the Company. Unless otherwise expressly stated, all time and date references contained in this Composite Document refer to Hong Kong time and dates.*

Event	Time and Date
Despatch date of this Composite Document and the accompanying Form of Acceptance and the Offer opens for acceptance ( <i>Note 1</i> ) . . . . .	Monday, 14 October 2019
Latest time and date for acceptance of the Offer ( <i>Notes 1 &amp; 2</i> ) . . . . .	4:00 p.m. on Monday, 4 November 2019
Closing Date ( <i>Note 2</i> ). . . . .	Monday, 4 November 2019
Announcement of the results of the Offer (or its extension or revision, if any), to be posted on the website of the Stock Exchange and the Company ( <i>Note 2</i> ) . . . . .	No later than 7:00 p.m. on Monday, 4 November 2019
Latest date for posting of remittances in respect of valid acceptances received under the Offer ( <i>Note 3</i> ) . . . . .	Wednesday, 13 November 2019

*Notes:*

1. The Offer, which is unconditional, is made on the date of posting of this Composite Document, and is capable of acceptance on and from that date until 4:00 p.m. on the Closing Date, which falls at least 21 days following the date of posting of this Composite Document.
2. The latest time and date for acceptance will be at 4:00 p.m. on 4 November 2019 unless the Joint Offerors revise or extend the Offer in accordance with the Takeovers Code. The Joint Offerors and the Company will jointly issue an announcement through on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([en.unistech.com.hk](http://en.unistech.com.hk)) no later than 7:00 p.m. on 4 November 2019 stating whether the Offer has been extended, revised or has expired. In the event that the Joint Offerors decide to revise or extend the Offer, the Offer will remain open until further notice and at least 14 days' notice in writing will be given and an announcement will be made before the Offer is closed to those Independent Shareholders who have not accepted the Offer.
3. Remittances in respect of the cash consideration (after deducting the seller's ad valorem stamp duty) payable for the Offer Shares will be despatched to the Independent Shareholders accepting the Offer by ordinary post at their own risk as soon as possible, but in any event within seven Business Days after the date of receipt by the Registrar of all relevant documents (receipt of which renders such acceptance complete and valid), in accordance with the Takeovers Code. Acceptance of the Offer shall be irrevocable and not capable of being withdrawn, except as permitted under the Takeovers Code. Please refer to paragraph 5 headed "Right of withdrawal" in Appendix I to this Composite Document for further information on the circumstances where acceptances may be withdrawn.

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## EXPECTED TIMETABLE

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### **Effect of bad weather on the latest time for acceptance of the Offer and/or the latest date for posting of remittances:**

If there is (i) a tropical cyclone warning signal number 8 or above, or (ii) a “black” rainstorm warning signal:

- (a) in force in Hong Kong at any local time before 12:00 noon but no longer in force after 12:00 noon on the latest date for acceptance of the Offer and/or the posting of remittances for the amounts due in respect of valid acceptances received under the Offer (as the case may be), the latest time for acceptance of the Offer and/or the posting of remittances will remain at 4:00 p.m. on the same day; or
- (b) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the latest date for acceptance of the Offer and/or the posting of remittances for the amounts due in respect of valid acceptances received under the Offer (as the case may be), the latest time for acceptance of the Offer and the posting of remittances will be rescheduled to 4:00 p.m. on the following Business Day.

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## **IMPORTANT NOTICE**

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### **NOTICE TO SHAREHOLDERS OUTSIDE HONG KONG**

The making of the Offer to persons outside Hong Kong may be prohibited or affected by the laws and regulations of the relevant jurisdictions. Overseas Shareholders should observe any applicable legal requirements and, where necessary, seek independent legal advice. It is the responsibility of any such person who wishes to accept the Offer to satisfy himself/herself/itself as to the full observance of the laws and regulations of the relevant jurisdictions in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with other necessary formalities or legal requirements, and the payment of any transfer or other taxes or other required payments due in respect of such jurisdiction. The Joint Offerors and parties acting in concert with them (including Shanghai SEMI Fund and Zhanxing Fund), the Company, CICC, VBG Capital, the Registrar, their respective ultimate beneficial owners, directors, officers, agents, advisers and associates and any other person involved in the Offer shall be entitled to be fully indemnified and held harmless by such person for any taxes as such person may be required to pay. Please see the sub-paragraph headed “Overseas Shareholders” under the paragraph headed “The Offer” in the “Letter from CICC” in this Composite Document.

### **CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENT**

This Composite Document contains forward-looking statements, which may be identified by words such as “believe”, “expect”, “anticipate”, “intend”, “plan”, “seek”, “estimate”, “will”, “would” or words of similar meaning, that involve risks and uncertainties, as well as assumptions. All statements other than statements of historical fact are statements that could be deemed forward-looking statements. The Joint Offerors and the Company assume no obligation and do not intend to update these forward-looking statements or opinions contained in this Composite Document, except as required pursuant to applicable laws or regulations, including but not limited to the Listing Rules and/or the Takeovers Code.

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## DEFINITIONS

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*In this Composite Document, the following expressions have the meanings set out below unless the context requires otherwise.*

“acting in concert”	has the meaning ascribed thereto under the Takeovers Code
“associate”	has the meaning ascribed thereto under the Takeovers Code
“Beijing Unis Capital”	Beijing Unis Capital Management Co., Ltd.* (北京紫光資本管理有限公司), a company incorporated in the PRC with limited liability and a direct wholly-owned subsidiary of Tsinghua Unigroup
“Beijing Yihejia”	Beijing Yihejia Investment Development Co., Ltd.* (北京怡和家投資發展有限公司), a company incorporated with limited liability in the PRC
“Bermuda”	the Islands of Bermuda
“Board”	the board of Directors
“BTF Irrevocable Undertaking”	the deed of irrevocable undertaking dated 16 September 2019 pursuant to which Mr. But has irrevocably undertaken to the Joint Offerors that, among others, he will not accept any general offer to be made by the Joint Offerors with respect to the Shares directly or indirectly held by him
“Business Day(s)”	means a day on which the Stock Exchange is open for the transaction of business
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“China Integrated Circuit”	China Integrated Circuit Industry Investment Fund Co. Ltd.* (國家集成電路產業投資基金股份有限公司), a company incorporated with limited liability in the PRC
“Chen Irrevocable Undertaking”	the deed of irrevocable undertaking dated 16 September 2019 pursuant to which Ms. Chen has irrevocably undertaken to the Joint Offerors that, among others, she will not accept any general offer to be made by the Joint Offerors with respect to the Shares held by her
“CICC”	China International Capital Corporation Hong Kong Securities Limited, the financial adviser to the Joint Offerors, a licensed corporation under the SFO to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on future contracts) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO

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## DEFINITIONS

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“Closing Date”	4 November 2019, being the closing date of the Offer which is 21 days after the day of this Composite Document is posted or any subsequent closing date(s) as may be determined and jointly announced by the Joint Offerors and the Company in accordance with the Takeovers Code
“Company” or “Offeree”	Unisplendour Technology (Holdings) Limited, a company incorporated in Bermuda with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 00365)
“Completion”	completion of the sale and purchase of the Sale Shares pursuant to the Share Purchase Agreement, which took place on 26 September 2019
“Composite Document”	this composite offer and response document jointly issued by the Joint Offerors and the Offeree to the Shareholders in connection with the Offer in compliance with the Takeovers Code
“controlling shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Convertible Bonds”	convertible bonds in an aggregate principal amount of HK\$148,000,000 convertible into 370,000,000 Shares held by Unis Technology at a conversion price of HK\$0.40 per Share
“Director(s)”	director(s) of the Company
“Encumbrance(s)”	a charge, debenture, mortgage, pledge, deed of trust, lien, option, equity rights, power of sale, hypothecation, claim, retention of title, right of pre-emption, right of first refusal, or other third party right or security interest of any kind or an agreement or obligation to create any of the above
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegates of the Executive Director
“Form of Acceptance”	the form of acceptance and transfer of Share(s) in respect of the Offer accompanying this Composite Document
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

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## DEFINITIONS

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“Independent Board Committee”	the independent board committee of the Board, comprising Mr. Cui Yuzhi, Mr. Bao Yi and Mr. Ping Fan and formed for the purpose of advising the Independent Shareholders in respect of the Offer
“Independent Financial Adviser” or “VBG Capital”	VBG Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed for the purpose of advising the Independent Board Committee in respect of the terms of the Offer and as to their acceptance
“Independent Shareholders”	the Shareholders other than the Joint Offerors and parties acting in concert with any of them (including Shanghai SEMI Fund and Zhanxing Fund)
“Irrevocable Undertakings”	collectively, the Vendor Irrevocable Undertaking, the Chen Irrevocable Undertaking, the RG Irrevocable Undertaking, the BTF Irrevocable Undertaking, the Sun East Irrevocable Undertaking, the Sum Win Irrevocable Undertaking and the Mind Seekers Irrevocable Undertaking
“Joint Announcement”	the announcement dated 17 September 2019 jointly issued by the Joint Offerors and the Company in relation to, among others, the Share Purchase Agreement and the Offer
“Joint Offerors”	UNIC Capital and Sino Xin Ding
“Last Trading Day”	16 September 2019, being the last trading day on which the Shares were traded on the Stock Exchange prior to the issue and publication of the Joint Announcement
“Latest Practicable Date”	11 October 2019, being the latest practicable date prior to printing of this Composite Document for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Mind Seekers”	Mind Seekers Investment Limited, a Shareholder which held 44,037,168 Shares as at the Latest Practicable Date, representing approximately 3.03% of the total issued share capital of the Company and is a company wholly-owned by Mr. But



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## DEFINITIONS

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“Mr. But”	Mr. But Tin Fu, a Shareholder who was interested in 87,783,168 Shares (directly or indirectly through Sun East, Sum Win and Mind Seekers) as at the Latest Practicable Date, representing approximately 6.03% of the total issued share capital of the Company
“Ms. Chen”	Ms. Chen Ping, a Shareholder who held 100,000,000 Shares as at the date of Latest Practicable Date, representing approximately 6.87% of the total issued share capital of the Company
“Offer”	the mandatory unconditional cash offer made by CICC, on behalf of the Joint Offerors, to acquire all the issued Shares not already owned or agreed to be acquired by the Joint Offerors and parties acting in concert with them (including Shanghai SEMI Fund and Zhanxing Fund) in accordance with the Takeovers Code, the terms and conditions set out in this Composite Document and the accompanying Form of Acceptance
“Offer Period”	has the meaning ascribed to it under the Takeovers Code, being the period commencing from 29 October 2018 and ending on the Closing Date
“Offer Price”	the price at which the Offer will be made, being HK\$1.01 per Offer Share
“Offer Share(s)”	all the Share(s) in issue, other than those Shares already owned or agreed to be acquired by the Joint Offerors and parties acting in concert with them (including Shanghai SEMI Fund and Zhanxing Fund)
“Overseas Shareholder(s)”	Shareholder(s) whose address(es), as shown on the register of members of the Company, is/are outside Hong Kong
“PRC”	People’s Republic of China, which for the purpose of this Composite Document, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“PRC GAAP”	accounting principles generally accepted in the PRC
“Reach General”	Reach General International Limited, a Shareholder which held 93,152,000 Shares as at the Latest Practicable Date, representing approximately 6.40% of the total issued share capital of the Company and is a company wholly-owned by Mr. Wu Xin

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## DEFINITIONS

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“RG Irrevocable Undertaking”	the deed of irrevocable undertaking dated 16 September 2019 pursuant to which Reach General has irrevocably undertaken to the Joint Offerors that, among others, it will not accept any general offer to be made by the Joint Offerors with respect to the Shares held by it
“Registrar”	Tricor Tengis Limited, being the Hong Kong branch share registrar and transfer office of the Company, whose address is at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong
“Relevant Period”	the period commencing on 29 April 2018, being the date falling six months preceding 29 October 2018, the date of commencement of the Offer Period, and ending on the Latest Practicable Date
“RHL”	RHL Appraisal Limited, the independent property valuer appointed by the Company
“Sale Shares”	986,829,420 Shares sold by Unis Technology to the Joint Offerors pursuant to the Share Purchase Agreement
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shanghai Pudong Technology”	Shanghai Pudong Technology Investment Co., Ltd.* (上海浦東科技投資有限公司), a company incorporated with limited liability in the PRC
“Shanghai Qingxin”	Shanghai Qingxin Enterprise Management Consulting Co., Ltd.* (上海青芯企業管理諮詢有限公司), a company incorporated with limited liability in the PRC and owned as to 50.1% by UNIC Capital, as to 28% by Shanghai SEMI Fund and as to 21.9% by Zhanxing Fund as at the Latest Practicable Date
“Shanghai SEMI Investment”	Shanghai Semiconductor Equipment and Materials Industry Investment Management Co., Ltd.* (上海半導體裝備材料產業投資管理有限公司), a company incorporated with limited liability in the PRC and owned as to 41% by Shanghai Pudong Technology, 40% by UNIC Capital and 19% by Puyuan Enterprise Management (Hangzhou) Co., Ltd.* (浦元企業管理(杭州)有限公司)

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## DEFINITIONS

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“Shanghai SEMI Fund”	Shanghai Semiconductor Equipment and Materials Industry Investment Fund Partnership (Limited Partnership)* (上海半導體裝備材料產業投資基金合夥企業(有限合夥)), a limited partnership established in the PRC
“Share(s)”	ordinary share(s) of par value HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Share Purchase Agreement”	the share purchase agreement dated 17 September 2019 entered into among Unis Technology, Sino Xin Ding and Beijing Unis Capital in relation to the acquisition of the Sale Shares by Sino Xin Ding
“Sino IC Leasing”	Sino IC Leasing Co., Ltd.* (芯鑫融資租賃有限責任公司), a company incorporated with limited liability in the PRC
“Sino Xin Ding”	Sino Xin Ding Limited (芯鼎有限公司), a company incorporated in Hong Kong with limited liability and directly wholly-owned by Shanghai Qingxin
“SMT”	surface mount technology, a process by which electronic components are mounted directly on both sides of a printed circuit board, increasing board capacity, facilitating product miniaturisation and enabling advanced automation of production
“SQ Shareholders”	the shareholders of Shanghai Qingxin
“Sun East”	Sun East Group Limited, a Shareholder which held 3,796,000 Shares as at the Latest Practicable Date, representing approximately 0.26% of the total issued share capital of the Company and is a company owned as to 50% by Mr. But and 50% by Ms. Leung Hau Sum, the spouse of Mr. But
“Sun East Irrevocable Undertaking”	the deed of irrevocable undertaking dated 16 September 2019 pursuant to which Sun East has irrevocably undertaken to the Joint Offerors that, among others, it will not accept any general offer to be made by the Joint Offerors with respect to the Shares held by it
“Sum Win”	Sum Win Management Corp., a Shareholder which held 2,424,800 Shares as at the Latest Practicable Date, representing approximately 0.17% of the total issued share capital of the Company and is a company wholly-owned by Mr. But

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## DEFINITIONS

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“Sum Win Irrevocable Undertaking”	the deed of irrevocable undertaking dated 16 September 2019 pursuant to which Sum Win has irrevocably undertaken to the Joint Offerors that, among others, it will not accept any general offer to be made by the Joint Offerors with respect to the Shares held by it
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Code on Takeovers and Mergers published by the SFC, as amended, supplemented or otherwise modified from time to time
“Tsinghua Holdings”	Tsinghua Holdings Co., Ltd.* (清華控股有限公司), a company incorporated with limited liability in the PRC
“Tsinghua Unigroup”	Tsinghua Unigroup Co., Ltd.* (紫光集團有限公司), a company incorporated with limited liability in the PRC
“UNIC Capital”	UNIC Capital Management Co., Ltd.* (中青芯鑫(蘇州工業園區)資產管理有限責任公司), a company established in the PRC with limited liability and one of the Joint Offerors
“UNIC Capital Board”	the board of directors of UNIC Capital
“UNIC Capital Investment Committee”	the investment committee of UNIC Capital which must approve all its investment projects
“UNIC Capital Shareholders”	the shareholders of UNIC Capital
“Unis Technology” or “Vendor”	Unis Technology Strategy Investment Limited, a company incorporated in Hong Kong with limited liability
“Vendor Irrevocable Undertaking”	the deed of irrevocable undertaking dated 17 September 2019 pursuant to which Unis Technology has irrevocably undertaken to the Joint Offerors that, among others, it will not accept any general offer to be made by the Joint Offerors with respect to the Convertible Bonds
“Zhanxing Fund”	Henan Zhanxing Industrial Investment Fund (Limited Partnership)* (河南戰興產業投資基金(有限合夥)), a limited partnership established in the PRC
“Zhongqing Xintou”	Zhongqing Xintou Holding Co. Ltd.* (中青信投控股有限責任公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of Tsinghua Unigroup
“%”	per cent

*Notes:*

1. Certain amounts and percentage figures in this Composite Document have been subject to rounding adjustments.
2. The English translation of the Chinese names in this Composite Document, where indicated by an asterisk (\*), is for identification purposes only, and should not be regarded as the official English names of such Chinese names.



14 October 2019

*To the Offer Shareholders*

Dear Sir or Madam,

**MANDATORY UNCONDITIONAL CASH OFFER BY  
CHINA INTERNATIONAL CAPITAL CORPORATION  
HONG KONG SECURITIES LIMITED  
FOR AND ON BEHALF OF  
THE JOINT OFFERORS  
TO ACQUIRE ALL THE ISSUED SHARES IN  
UNISPLENDOUR TECHNOLOGY (HOLDINGS) LIMITED  
(OTHER THAN THOSE SHARES ALREADY OWNED AND/OR AGREED TO BE  
ACQUIRED BY THE JOINT OFFERORS AND PARTIES ACTING IN  
CONCERT WITH THEM)**

**INTRODUCTION**

Reference is made to the Joint Announcement dated 17 September 2019 jointly issued by the Joint Offerors and the Company in relation to, among other things, the Share Purchase Agreement and the Offer.

On 17 September 2019, the Joint Offerors and the Company jointly announced that on 17 September 2019, the Vendor, Sino Xin Ding and Beijing Unis Capital entered into the Share Purchase Agreement, pursuant to which Sino Xin Ding conditionally agreed to acquire from the Vendor the Sale Shares, being 986,829,420 Shares and representing approximately 67.82% of the total issued share capital as at the date of the Joint Announcement, for a total consideration of HK\$990 million (equivalent to approximately HK\$1.00 per Sale Share). Completion of the Share Purchase Agreement took place on 26 September 2019.

Immediately after Completion and as at the Latest Practicable Date, the Joint Offerors and parties acting in concert with them (including Shanghai SEMI Fund and Zhanxing Fund) were interested in a total of 986,829,420 Shares, representing approximately 67.82% of the entire issued share capital of the Company. Pursuant to Rule 26.1 of the Takeovers Code, upon Completion, the Joint Offerors and the parties acting in concert with them (including Shanghai SEMI Fund and Zhanxing Fund) would be required to make a mandatory unconditional general offer in cash for all the issued Shares other than those already owned or agreed to be acquired by the Joint Offerors and parties acting in concert with them (including Shanghai SEMI Fund and Zhanxing Fund).

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## LETTER FROM CICC

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This letter forms part of this Composite Document and sets out, among other things, the principal terms of the Offer, the information on the Joint Offerors and their intention in relation to the Company. Further details of the Offer are set out in Appendix I to this Composite Document and in the accompanying Form of Acceptance. Your attention is also drawn to the information contained in the “Letter from the Board”, the “Letter from the Independent Board Committee”, the “Letter from VBG Capital”, the “Valuation Report” and the appendices set out in this Composite Document before reaching a decision as to whether or not to accept the Offer.

Unless the context requires otherwise, terms defined in this Composite Document, of which this letter forms part, shall have the same meanings when used herein.

### MANDATORY UNCONDITIONAL CASH OFFER

As at the Latest Practicable Date, there were (a) 1,455,000,000 Shares in issue, of which 986,829,420 Shares (representing approximately 67.82% of the total issued share capital of the Company) were held by the Joint Offerors (directly held by Sino Xin Ding and UNIC Capital is deemed to have an interest in such Shares under Part XV of the SFO) and parties acting in concert with them (including Shanghai SEMI Fund and Zhanxing Fund), and (b) Convertible Bonds in an aggregate principal amount of HK\$148,000,000 convertible into 370,000,000 Shares at a conversion price of HK\$0.40 per Share, all of which were held by the Vendor. Apart from the aforementioned, the Company had no other outstanding securities, options, warrants or derivatives which are convertible into or which conferred rights to require the issue of Shares and no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) as at the Latest Practicable Date. Taking into account the 986,829,420 Shares that are already owned or agreed to be acquired by the Joint Offerors and parties acting in concert with them (including Shanghai SEMI Fund and Zhanxing Fund) and the Shares in relation to the Chen Irrevocable Undertaking, the RG Irrevocable Undertaking, the BTF Irrevocable Undertaking, the Sun East Irrevocable Undertaking, the Sum Win Irrevocable Undertaking, and the Mind Seekers Irrevocable Undertaking, a total of 187,235,412 Shares are subject to the Offer.

### THE OFFER

On behalf of the Joint Offerors, we hereby unconditionally make the Offer to acquire all the Shares not already owned or agreed to be acquired by the Joint Offerors and parties acting in concert with them (including Shanghai SEMI Fund and Zhanxing Fund) on the following basis:

#### Offer Price

**For every Offer Share . . . . . HK\$1.01 in cash**

The Offer Price of HK\$1.01 per Offer Share is determined by rounding up the price per Sale Share paid by the Joint Offerors to the nearest cent.

The Offer Shares to be acquired under the Offer shall be fully paid and free from any Encumbrance and together with all rights and entitlements attaching or accruing thereto including, without limitation, the right to receive all dividends and other distributions, if any, the record date of which is on or after the date on which the Offer is made (i.e. the date of the despatch of the Composite Document).

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## LETTER FROM CICC

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The Company confirms that as at the Latest Practicable Date, (a) it had not declared any dividend, the record date of which falls on or after the date of this Composite Document; and (b) it did not have any intention to make, declare or pay any future dividend or make other distributions until the close of the Offer Period.

### Comparisons of Value

The Offer Price of HK\$1.01 per Offer Share represents:

- (a) a discount of approximately 30.34% to the closing price of HK\$1.45 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (b) a discount of approximately 42.94% to the closing price of HK\$1.77 per Share as quoted on the Stock Exchange on 25 October 2018, being the last trading day prior to the commencement of the Offer Period;
- (c) a discount of approximately 41.28% to the closing price of HK\$1.72 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (d) a discount of approximately 40.94% to the average closing price of approximately HK\$1.71 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day;
- (e) a discount of approximately 41.28% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the 10 consecutive trading days up to and including the Last Trading Day of HK\$1.72 per Share;
- (f) a premium of approximately 339.13% over the audited consolidated net asset value attributable to Shareholders of approximately HK\$0.23 per Share as at 31 December 2018, the date to which the latest audited consolidated financial results of the Company were made up; and
- (g) a premium of approximately 359.09% over the unaudited consolidated net asset value attributable to Shareholders of approximately HK\$0.22 per Share as at 30 June 2019, the date to which the latest unaudited consolidated financial results of the Company were made up.

### Highest and Lowest Share Prices

During the Relevant Period, the highest closing price of the Shares as quoted on the Stock Exchange was HK\$3.99 per Share on 4 May 2018 and the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$1.45 per Share on 9 October 2019 and 11 October 2019, respectively.

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## LETTER FROM CICC

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### **Value of the Offer**

On the basis of the Offer Price of HK\$1.01 per Offer Share and 1,455,000,000 Shares in issue as at the Latest Practicable Date, the entire issued share capital of the Company is valued at HK\$1,469.55 million. On the assumption that the Offer is accepted in full by the holders of the Offer Shares and on the basis that no offer will be made for the Convertible Bonds as all the outstanding Convertible Bonds are held by the Vendor and in light of the Vendor Irrevocable Undertaking, and the Offer Price being HK\$1.01 per Offer Share, the value of the Offer is approximately HK\$472.85 million.

### **Financial Resources Available for the Consideration for the Share Purchase Agreement and the Offer**

The Joint Offerors intend to finance the full settlement of the consideration for the Share Purchase Agreement and the full acceptance of the Offer by a combination of (i) internal cash resources of approximately HK\$596.60 million (through capital contribution into Sino Xin Ding); (ii) a facility in an amount of approximately HK\$418.40 million provided by China Merchants Bank Co., Ltd., Shanghai Zhangjiang Sub-branch; and (iii) a credit facility of up to HK\$190.00 million from China Merchants Bank Co., Ltd., Hong Kong Branch.

In connection with the abovementioned facilities, the Sale Shares will be pledged by Sino Xin Ding in favour of China Merchants Bank Co., Ltd., Shanghai Zhangjiang Sub-branch within 30 days after Completion, and the Shares acquired in pursuance of the Offer will be pledged by Sino Xin Ding in favour of China Merchants Bank Co., Ltd., Shanghai Zhangjiang Sub-branch within 30 days after the date on which the consideration payable under the Offer is paid in full. The voting rights attached to the Sale Shares and the Shares acquired pursuant to the Offer will not be transferred to China Merchants Bank Co., Ltd., Shanghai Zhangjiang Sub-branch unless the share pledges become enforceable in the event of a default. As at the Latest Practicable Date, China Merchants Bank Co., Ltd., Shanghai Zhangjiang Sub-branch did not hold any securities of the Company.

As at the Latest Practicable Date, the SQ Shareholders had completed the first round of capital contribution into Shanghai Qingxin, with an approximate amount of RMB574.99 million in aggregate, which contributes to the abovementioned internal cash resources of approximately HK\$596.60 million (through Shanghai Qingxin's capital contribution into Sino Xin Ding).



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## LETTER FROM CICC

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The capital contribution into Shanghai Qingxin as of the Latest Practicable Date was as follows:

<b>Shareholder(s) of Shanghai Qingxin</b>	<b>Registered Capital</b> (RMB '0,000)	<b>%</b>	<b>Paid-up Capital</b> (RMB '0,000)
UNIC Capital	42,935.7	50.1	28,807.099
Shanghai SEMI Fund	23,996.0	28.0	16,099.776
Zhanxing Fund	<u>18,768.3</u>	<u>21.9</u>	<u>12,592.325</u>
<b>Total</b>	<b><u>85,700.0</u></b>	<b><u>100</u></b>	<b><u>57,499.200</u></b>

As at the Latest Practicable Date, the Joint Offerors had settled 80% of the consideration for the Share Purchase Agreement in accordance with the terms of the Share Purchase Agreement, which was financed by a combination of (i) approximately HK\$373.60 million out of the abovementioned internal cash resources of approximately HK\$596.60 million; and (ii) the abovementioned facility in an amount of approximately HK\$418.40 million provided by China Merchants Bank Co., Ltd., Shanghai Zhangjiang Sub-branch.

CICC has been appointed as the financial adviser to the Joint Offerors in respect of the Offer and is satisfied that sufficient financial resources are available to the Joint Offerors to satisfy the consideration payable upon full acceptance of the Offer.

The Joint Offerors do not intend the payment of interest on, repayment of or security for any liability (contingent or otherwise) in relation to the facility granted by China Merchants Bank Co., Ltd., Shanghai Zhangjiang Sub-branch or the credit facility granted by China Merchants Bank Co., Ltd., Hong Kong Branch to be dependent on the business of the Group.

### Effect of Accepting the Offer

By accepting the Offer, the Shareholders will sell their Shares to the Joint Offerors free from any Encumbrance and together with all rights and entitlements attaching or accruing thereto including, without limitation, the right to receive all dividends and other distributions, if any, the record date of which is on or after the date on which the Offer is made (i.e. the date of the despatch of the Composite Document). The making of the Offer to a person with a registered address in a jurisdiction outside Hong Kong may be affected by the applicable laws of the relevant jurisdiction. Shareholders with registered addresses in jurisdictions outside Hong Kong should inform themselves about and observe any applicable legal requirements in their own jurisdictions.

Acceptance of the Offer would be irrevocable and would not be capable of being withdrawn, subject to the provisions of the Takeovers Code.

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## LETTER FROM CICC

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### Settlement

Settlement of the consideration for the Offer Shares will be made in cash as soon as possible but in any event within seven Business Days (as defined under the Takeovers Code) of the date of receipt of a duly completed acceptance of the Offer Shares. Relevant documents evidencing title must be received by or on behalf of the Joint Offerors to render such acceptance of the Offer complete and valid.

No fractions of a cent (HK\$) will be payable and the amount of the consideration payable to a Shareholder who accepts the Offer will be rounded up to the nearest cent (HK\$).

### Hong Kong Stamp Duty

In Hong Kong, seller's ad valorem stamp duty arising in connection with acceptances of the Offer will be payable by relevant Shareholders at a rate of 0.1% of: (i) the market value of the Offer Shares; or (ii) the consideration payable by the Joint Offerors in respect of the relevant acceptances of the Offer, whichever is higher, and will be deducted from the cash amount payable by the Joint Offerors to the relevant Shareholder on acceptance of the Offer. The Joint Offerors will arrange for payment of the seller's ad valorem stamp duty on behalf of the relevant Shareholders accepting the Offer and will pay the buyer's ad valorem stamp duty in connection with the acceptances of the Offer and the transfers of the Offer Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

### Taxation Advice

Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offer. None of the Joint Offerors, parties acting in concert with them (including Shanghai SEMI Fund and Zhanxing Fund), the Company, and their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

### Overseas Shareholders

The Joint Offerors intend to make the Offer available to all Shareholders, including the Overseas Shareholders. However, the Offer is in respect of securities of a company incorporated in Bermuda and is subject to the procedural and disclosure requirements of Hong Kong which may be different from other jurisdictions. The Overseas Shareholders who wish to participate in the Offer but with a registered address outside Hong Kong may be subject to, and may be limited by, the laws and regulations of their respective jurisdictions in connection with their participation in the Offer. The Overseas Shareholders and beneficial owners of the Shares who are citizens, residents or nationals of a jurisdiction outside Hong Kong should observe relevant applicable legal or regulatory requirements and, where necessary, seek legal advice in respect of the Offer.

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## LETTER FROM CICC

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It is the responsibility of the Overseas Shareholders and overseas beneficial owners of the Shares who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offer (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due in respect of such jurisdictions). Any acceptance by any Overseas Shareholders and overseas beneficial owners of the Shares will be deemed to constitute a representation and warranty from such Overseas Shareholders or overseas beneficial owners of the Shares, as applicable, to the Joint Offerors that the local laws and requirements have been complied with. Overseas Shareholders and overseas beneficial owners of the Shares should consult their professional advisers if in doubt.

### **IRREVOCABLE UNDERTAKINGS IN RELATION TO THE OFFER**

#### **The Vendor Irrevocable Undertaking**

As at the Latest Practicable Date, the Vendor held convertible bonds issued by the Company in an aggregate principal amount of HK\$148,000,000 convertible into 370,000,000 Shares at a conversion price of HK\$0.40 per Share.

Pursuant to the Vendor Irrevocable Undertaking, the Vendor has irrevocably undertaken to the Joint Offerors that (a) it will not accept any general offer to be made by the Joint Offerors with respect to the Convertible Bonds, and that from the date of the Vendor Irrevocable Undertaking for a continuing period which lasts after the close of the Offer until the Convertible Bonds are fully redeemed, it will not, whether directly or indirectly, sell, transfer, encumber or otherwise dispose of the Convertible Bonds or exercise any right under the Convertible Bonds to require the Company to redeem the Convertible Bonds before maturity, being 30 May 2021 (five years from the date of issue), without first having reached an agreement with the Company and the Joint Offerors and (b) it will not convert any part or the whole of the Convertible Bonds into Shares or exercise any other right of conversion, and will give up any potential right of conversion under the terms of the Convertible Bonds.

In light of the Vendor Irrevocable Undertaking, no offer will be made for the Convertible Bonds as all the outstanding Convertible Bonds are held by the Vendor.

#### **The Chen Irrevocable Undertaking**

As at the Latest Practicable Date, Ms. Chen held 100,000,000 Shares, representing approximately 6.87% of the total issued share capital of the Company. Ms. Chen has entered into the Chen Irrevocable Undertaking, pursuant to which Ms. Chen has undertaken to the Joint Offerors that she will not (a) accept the Offer with respect to, and (b) until the close of the Offer or the Offer lapses, whether directly or indirectly, sell, transfer, encumber or otherwise dispose of, the 100,000,000 Shares held by her.

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## LETTER FROM CICC

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### **The RG Irrevocable Undertaking**

As at the Latest Practicable Date, Reach General held 93,152,000 Shares, representing approximately 6.40% of the total issued share capital of the Company. Reach General has entered into the RG Irrevocable Undertaking, pursuant to which Reach General has undertaken to the Joint Offerors that it will not (a) accept the Offer with respect to, and (b) until the close of the Offer or the Offer lapses, whether directly or indirectly, sell, transfer, encumber or otherwise dispose of, the 93,152,000 Shares held by it.

### **The BTF Irrevocable Undertaking**

As at the Latest Practicable Date, Mr. But (directly held 37,525,200 Shares and indirectly through Sun East, Sum Win and Mind Seekers held 50,257,968 Shares) held 87,783,168 Shares, representing approximately 6.03% of the total issued share capital of the Company. Mr. But has entered into the BTF Irrevocable Undertaking, pursuant to which Mr. But has undertaken to the Joint Offerors that he will not (a) accept, and will procure that none of Sun East, Sum Win and Mind Seekers will accept the Offer with respect to, and (b) until the close of the Offer or the Offer lapses, whether directly or indirectly, sell, transfer, encumber or otherwise dispose of, the 87,783,168 Shares interested in by them.

### **The Sun East Irrevocable Undertaking**

As at the Latest Practicable Date, Sun East held 3,796,000 Shares, representing approximately 0.26% of the total issued share capital of the Company. Sun East has entered into the Sun East Irrevocable Undertaking, pursuant to which Sun East has undertaken to the Joint Offerors that it will not (a) accept the Offer with respect to, and (b) until the close of the Offer or the Offer lapses, whether directly or indirectly, sell, transfer, encumber or otherwise dispose of, the 3,796,000 Shares held by it. For clarity, the Shares which are covered under the Sun East Irrevocable Undertaking overlap with those covered under the BTF Irrevocable Undertaking.

### **The Sum Win Irrevocable Undertaking**

As at the Latest Practicable Date, Sum Win held 2,424,800 Shares, representing approximately 0.17% of the total issued share capital of the Company. Sum Win has entered into the Sum Win Irrevocable Undertaking, pursuant to which Sum Win has undertaken to the Joint Offerors that it will not (a) accept the Offer with respect to, and (b) until the close of the Offer or the Offer lapses, whether directly or indirectly, sell, transfer, encumber or otherwise dispose of, the 2,424,800 Shares held by it. For clarity, the Shares which are covered under the Sum Win Irrevocable Undertaking overlap with those covered under the BTF Irrevocable Undertaking.

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## LETTER FROM CICC

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### **The Mind Seekers Irrevocable Undertaking**

As at the Latest Practicable Date, Mind Seekers held 44,037,168 Shares, representing approximately 3.03% of the total issued share capital of the Company. Mind Seekers has entered into the Mind Seekers Irrevocable Undertaking, pursuant to which Mind Seekers has undertaken to the Joint Offerors that it will not (a) accept the Offer with respect to, and (b) until the close of the Offer or the Offer lapses, whether directly or indirectly, sell, transfer, encumber or otherwise dispose of, the 44,037,168 Shares held by it. For clarity, the Shares which are covered under the Mind Seekers Irrevocable Undertaking overlap with those covered under the BTF Irrevocable Undertaking.

To the best knowledge of the Company, save for the Convertible Bonds, the Vendor who had irrevocably committed not to accept any general offer to be made by the Joint Offerors with respect to the Convertible Bonds, did not own or control any shareholdings in the Company nor any securities, options, warrants nor derivatives which are convertible into or which confer right to require the issue of Shares as at the Latest Practicable Date.

To the best knowledge of the Company, save for the Shares held by Ms. Chen, Reach General, Mr. But, Sun East, Sum Win and Mind Seekers which are respectively covered under the Chen Irrevocable Undertaking, the RG Irrevocable Undertaking, the BTF Irrevocable Undertaking, the Sun East Irrevocable Undertaking, the Sum Win Irrevocable Undertaking and the Mind Seekers Irrevocable Undertaking, each of Ms. Chen, Reach General, Mr. But, Sun East, Sum Win and Mind Seekers who had irrevocably committed themselves not to accept the Offer did not own or control any shareholdings in the Company nor any securities, options, warrants nor derivatives which are convertible into or which confer right to require the issue of Shares as at the Latest Practicable Date.

### **INFORMATION ON THE JOINT OFFERORS**

Sino Xin Ding, one of the Joint Offerors, is a company incorporated in Hong Kong with limited liability on 24 February 2017. It is established for the purposes of investment holding and is wholly-owned by Shanghai Qingxin, a company held as to 50.1% by UNIC Capital, as to 28.0% by Shanghai SEMI Fund and as to 21.9% by Zhanxing Fund.

UNIC Capital, the other Joint Offeror, is a company established in the PRC with limited liability on 27 July 2016 and is principally engaged in investment holding.

At the shareholders' level, the UNIC Capital Shareholders have voting rights in proportion to their paid-in capital contribution. Matters requiring the approval of the UNIC Capital Shareholders, save for those specified below, must be approved by two-thirds of the voting rights thereof. Matters concerning (i) alternation of articles of association, (ii) change in registered capital, or (iii) merger, demerger, dissolution, liquidation or change of corporate form, must be approved by a unanimous decision of the UNIC Capital Shareholders.

## LETTER FROM CICC

The composition of the UNIC Capital Board is set out below:

	<b>Sino IC Leasing</b>	<b>Zhongqing Xintou</b>	<b>Beijing Yihejia</b>	<b>Total</b>
Number of nominated member(s)	2	2	1	5

At the board level, each director of UNIC Capital has equal voting rights. Matters requiring the approval of the UNIC Capital Board, save for those specified below, must be approved by at least half of the directors. Matters concerning profit distribution and loss compensation must be approved by at least two-thirds of the directors. Matters concerning (i) change in registered capital, (ii) issuance of securities, or (iii) merger, demerger, dissolution, liquidation or change of corporate form, must be approved by a unanimous decision of the UNIC Capital Board.

In addition, all investment projects must be approved by a unanimous decision of the UNIC Capital Investment Committee. On 28 August 2019, the UNIC Capital Board passed a resolution pursuant to which the composition of the UNIC Capital Investment Committee was modified. The composition of the UNIC Capital Investment Committee pre-modification (under which the Share Purchase Agreement, Offer and the transactions thereunder were approved) and post-modification is set out below for comparison:

<b>Member(s) of the UNIC Capital Investment Committee</b>	<b>Pre-modification</b>	<b>Post-modification</b>
Director (nominated by Zhongqing Xintou)	2	—
Director (nominated by Beijing Yihejia)	1	—
Director (nominated by Sino IC Leasing)	1	—
Director & President (nominated by Sino IC Leasing)	1	1
Vice President(s) (independently appointed by UNIC Capital based on market principles)	3	2
Managing Director(s) & Risk Management Officer(s) (independently appointed by UNIC Capital based on market principles)	3	3
<b>Total</b>	<b>11</b>	<b>6</b>

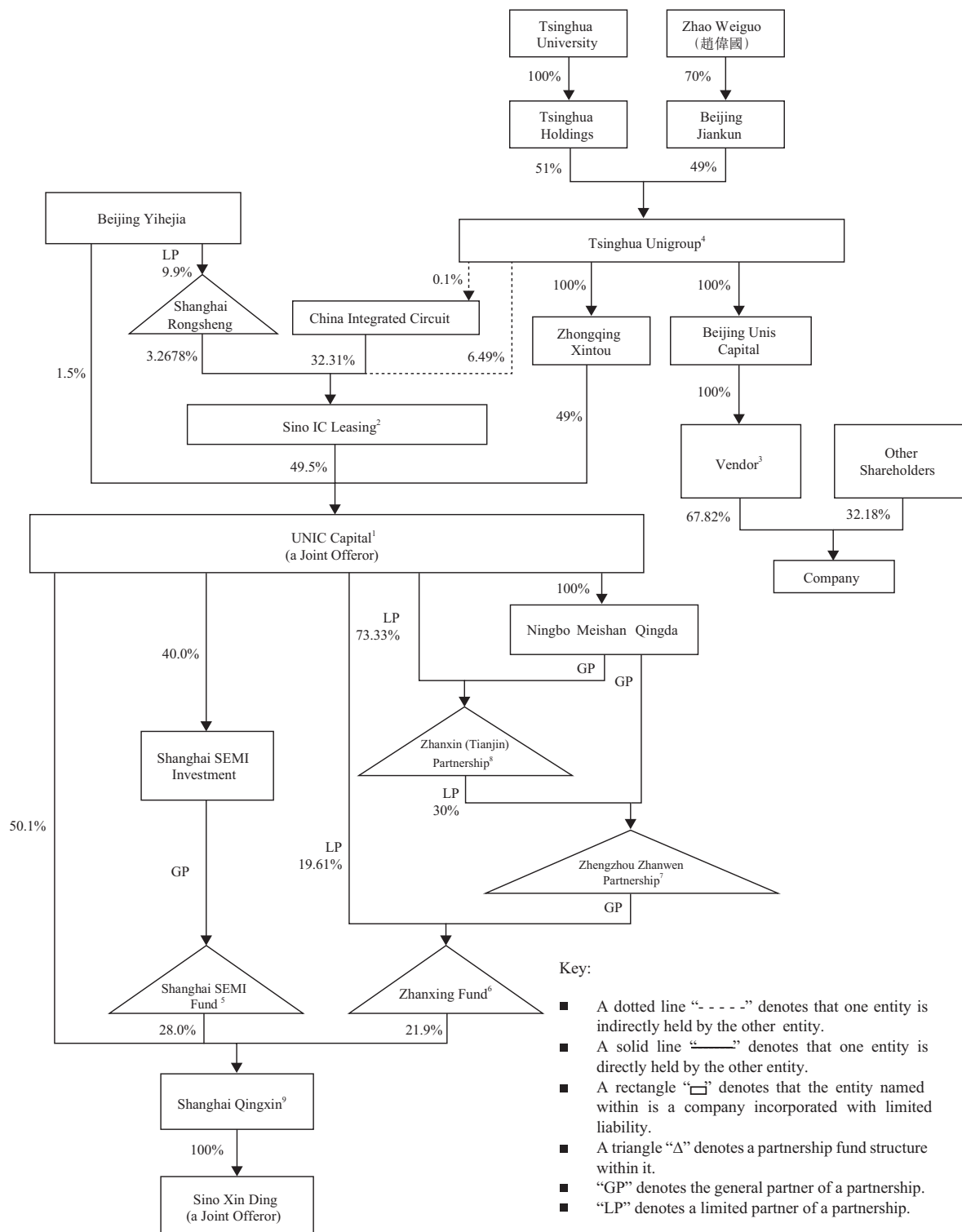
### COMPLETION

Completion took place on the Completion Date, being 26 September 2019.

Set out below is the diagram showing the shareholding of the Joint Offerors and its relationship with Tsinghua Unigroup (a) immediately before Completion; and (b) immediately after Completion and as at the Latest Practicable Date:

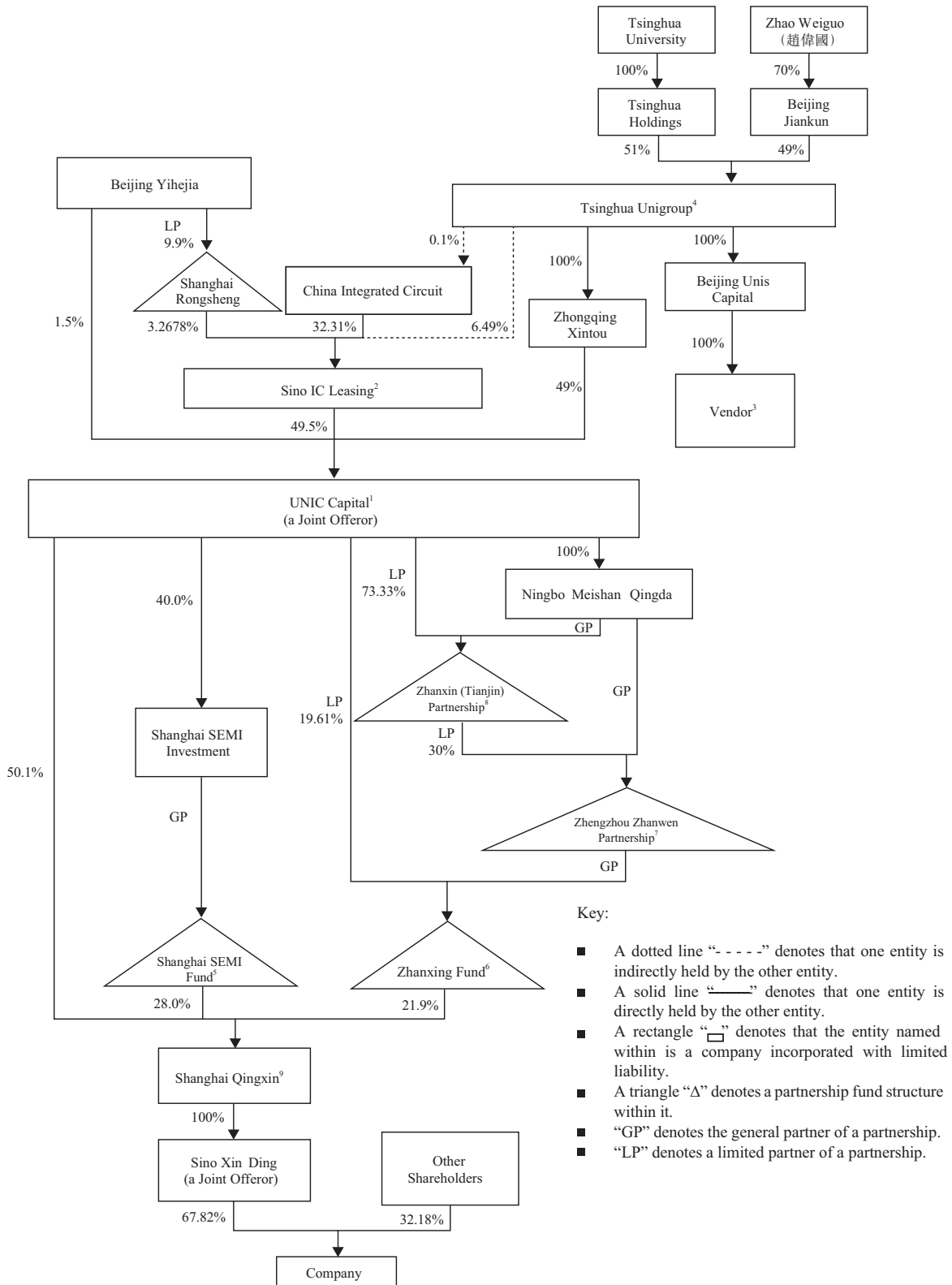
# LETTER FROM CICC

## (a) Shareholding of the Joint Offerors and its relationship with Tsinghua Unigroup immediately before Completion



# LETTER FROM CICC

## (b) Shareholding of the the Joint Offerors and its relationship with Tsinghua Group immediately after Completion and as at the Latest Practicable Date





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## LETTER FROM CICC

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*Notes to the above graphs:*

- 1: UNIC Capital is held as to 49.5% by Sino IC Leasing, 49% by Tsinghua Unigroup via its wholly-owned subsidiary Zhongqing Xintou, and 1.5% by Beijing Yihejia.
- 2: Tsinghua Unigroup's wholly-owned subsidiaries are interested in Sino IC Leasing as to 6.49% and Tsinghua Unigroup is further indirectly interested in China Integrated Circuit as to 0.1%, which holds 32.31% in Sino IC Leasing, being its only controlling shareholder. Sino IC Leasing is held as to 3.2678% by Shanghai Rongsheng Equity Investment Fund Partnership (L.P.) (上海熔晟股權投資基金合夥企業(有限合夥)) ("**Shanghai Rongsheng**"), which is held as to 9.9% by Beijing Yihejia.
- 3: The Vendor is wholly owned by Beijing Unis Capital, which in turn, is wholly owned by Tsinghua Unigroup.
- 4: Tsinghua Unigroup is owned as to 51% by Tsinghua Holdings and as to 49% by Beijing Jiankun Investment Group Co., Ltd.\* (北京健坤投資集團有限公司) ("**Beijing Jiankun**"). Tsinghua Holdings is wholly owned by Tsinghua University (清華大學) and Beijing Jiankun is owned as to 70% by Mr. Zhao Weiguo (趙偉國).
- 5: Shanghai SEMI Fund is a limited partnership established in the PRC whose general partner is Shanghai SEMI Investment, which is owned as to 40% by UNIC Capital.
- 6: Zhanxing Fund is a limited partnership established in the PRC. One of the limited partners of Zhanxing Fund is UNIC Capital which holds approximately 19.61% equity interest therein. Zhanxing Fund's general partner is Zhengzhou Zhanwen Investment Management Partnership\* (鄭州戰文投資管理合夥企業) ("**Zhengzhou Zhanwen Partnership**").
- 7: The general partner of Zhengzhou Zhanwen Partnership is Ningbo Meishan Bonded Port Area Qingda Investment Management Co., Ltd.\* (寧波梅山保稅港區芯鑫清大投資管理有限公司) ("**Ningbo Meishan Qingda**"), which is wholly owned by UNIC Capital.
- 8: UNIC Capital is the sole limited partner of Xinxin Zhanxin (Tianjin) Management Consulting Partnership (L.P.)\* (芯鑫戰新(天津)管理諮詢合夥企業(有限合夥)) ("**Zhanxin (Tianjin) Partnership**"), which is a limited partner of Zhengzhou Zhanwen Partnership and holds 30% equity interest therein. Ningbo Meishan Qingda is the general partner of Zhanxin (Tianjin) Partnership.
- 9: UNIC Capital is the controlling shareholder (as defined under the Listing Rules) of Shanghai Qingxin. At the board level, each of the SQ Shareholders has the right to nominate one director. The SQ Shareholders also have rights to veto on major corporate actions. The accountants of Shanghai Qingxin have advised that on the foregoing basis they could not consolidate Shanghai Qingxin as a subsidiary of UNIC Capital from the accounting perspective based on PRC GAAP and accordingly Shanghai Qingxin's financials are not consolidated into those of UNIC Capital.

### INTENTIONS OF THE JOINT OFFERORS

It is the Joint Offerors' intention to acquire a majority interest in the Company pursuant to the Share Purchase Agreement and the Offer. The intention of the Joint Offerors is that the Company's existing principal activities, namely the manufacturing of SMT equipment and related business will be maintained and that the Joint Offerors will assist the Company in reviewing its business operations and financial position to seek for opportunities for streamlining the Company's resources and business structure by way of disposing of certain businesses outside of the existing principal activities of the Company and for expansion into other semiconductor-related businesses. Notwithstanding the above, the Joint Offerors have not identified any investment or business opportunities, nor have they entered into any discussions or negotiations with any third parties regarding the injections of assets or business into, or disposals of assets or business of the Group.

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## LETTER FROM CICC

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The Joint Offerors have no intention to introduce major changes to the existing operation and business of the Group, including any redeployment of fixed assets other than those in its ordinary course of business. Save for the proposed changes to the composition of the Board as mentioned below, the Joint Offerors have no plan to terminate the employment of any other employees or other personnel of the Group or introduce any significant changes to the management of the Group following completion of the Offer. However, subject to the results of the review regarding the business and financial position of the Group, the Joint Offerors reserve the right to make any changes that they deem necessary or appropriate to the Group's businesses and operations to increase the value of the Group.

### PROPOSED CHANGE TO THE BOARD COMPOSITION OF THE COMPANY

As at the Latest Practicable Date, the Board comprised three executive Directors, namely Mr. Zhang Yadong (Chairman), Mr. Xia Yuan (Chief Executive Officer) and Mr. Zheng Bo; two non-executive Directors, namely Mr. Li Zhongxiang (Vice Chairman) and Mr. Qi Lian; and three independent non-executive Directors, namely Mr. Cui Yuzhi, Mr. Bao Yi and Mr. Ping Fan. In accordance with the Share Purchase Agreement, amongst the above existing Directors, Mr. Zhang Yadong (Chairman), Mr. Zheng Bo, Mr. Li Zhongxiang (Vice Chairman) and Mr. Qi Lian intend to resign at a date permitted under the Takeovers Code.

The Joint Offerors intend to nominate new Directors after the close of the Offer and any such appointment will be made in compliance with the Takeovers Code and the Listing Rules. As at the Latest Practicable, the Joint Offerors had identified the below potential candidates as Directors with their roles to be determined, the biographical information of whom is also set out:

**Mr. DU Yang (杜洋) ("Mr. Du")**, aged 42, is proposed to be nominated as a Director.

Mr. Du has been serving as chief operating director of Sino IC Capital Co., Ltd.\* (華芯投資管理有限責任公司) since December 2014, and concurrently as the general manager of Sino IC Capital Co., Ltd., Shanghai Branch\* (華芯投資管理有限責任公司上海分公司) since October 2015. He is also currently a non-executive director of Hua Hong Semiconductor Limited (華虹半導體有限公司), a company listed on the Stock Exchange (Stock Code: 1347), and a director of Shanghai Integrated Circuit Industry Investment Fund Co., Ltd.\* (上海集成電路產業投資基金股份有限公司), Shanghai Integrated Circuit Industry Investment Fund Management Co., Ltd.\* (上海集成電路產業投資基金管理有限公司), Shanghai Huali Integrated Circuit Manufacturing Co., Ltd.\* (上海華力集成電路製造有限公司) and Shanghai Xinshuo Investment Management Co., Ltd.\* (上海芯鑠投資管理有限公司). In addition, Mr. Du is the legal representative, chairman and general manager of Sino IC Leasing and the chairman of UNIC Capital. Prior to his current roles, Mr. Du began his career in China Development Bank\* (國家開發銀行) in August 2005, where he held various positions, including manager of the large corporate client department in the head office, deputy head of the customer division in Henan Branch, and head of the project development and business innovation division in the business development department of the head office.

Mr. Du holds a bachelor's degree in Chinese from Fudan University (復旦大學) in the PRC, a master's degree in business administration from Nagoya University of Commerce & Business (名古屋商業大學) in Japan, and a master's degree in financial management from University of Salford, Manchester in the United Kingdom. In 2015, he qualified as a senior economist.

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## LETTER FROM CICC

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**Mr. YUAN Yipei (袁以沛) (“Mr. Yuan”)**, aged 47, is proposed to be nominated as a Director.

Mr. Yuan is currently the president of UNIC Capital and the vice president of Sino IC Leasing. Mr. Yuan began his career in 1996 and was employed in various international banks, such as Citibank, CTBC Bank\* (中國信託銀行) and Barclays. He was previously the vice president of Temasek Fullerton Financial Holdings Pte. Ltd. (淡馬錫富登金融控股私人有限公司), a director of Australia and New Zealand Banking Group, and the vice president of the Bank of Tianjin\* (天津銀行).

Mr. Yuan holds a bachelor’s degree in economics from National Tsing Hua University (國立清華大學) in Taiwan and a master’s degree in business administration from the University of Wisconsin-Madison in the United States.

**Mr. LI Jinxian (李進先) (“Mr. JX Li”)**, aged 46, is proposed to be nominated as a Director.

Mr. JX Li is currently the executive vice president of UNIC Capital. Prior to joining UNIC Capital, he worked in China Agriculture, Farming and Fishery International Cooperation Co., Ltd.\* (中國農牧漁業國際合作公司), China Cinda Asset Management Co., Ltd.\* (中國信達資產管理公司), Morgan Stanley Asset Services China Co., Ltd.\* (摩根士丹利資產服務中國有限公司) and Cathay Consulting Beijing Co., Ltd.\* (CATHAY顧問北京有限公司), which is wholly-owned by Deutsche Bank. Mr. JX Li was also previously the managing director of Guokai Ruohua Industry Investment Fund Management Co., Ltd.\* (國開熔華產業投資基金管理有限責任公司).

Mr. JX Li holds a bachelor’s degree in economics from the Capital University of Economics and Business (首都經濟貿易大學) in the PRC and a part-time postgraduate degree with an expertise in technical economics from Renmin University of China (中國人民大學) in the PRC.

**Mr. LI Yongjun (李勇軍) (“Mr. YJ Li”)**, aged 46, is proposed to be nominated as a Director.

Mr. YJ Li is currently the executive president and managing partner of Shanghai Pudong Technology, the vice chairman of Shanghai Wanye Enterprise Co., Ltd.\* (上海萬業企業股份有限公司), the chairman of Shanghai Xinmei Real Estate Co., Ltd.\* (上海新梅置業股份有限公司) and the president of Shanghai SEMI Investment. Prior to his current positions, Mr. YJ Li worked in Shanghai Pudong New Area Science and Technology Committee\* (上海市浦東新區科學技術委員會), Shanghai Pudong Productivity Promotion Centre\* (上海浦東生產力促進中心), Shanghai Pudong Science and Technology Information Centre\* (上海市浦東科技資訊中心) and Pudong New Area Science & Technology Bureau High-Tech Industrialization Department\* (浦東新區科技局高新技術產業化處). In addition, he was previously the general manager of Otsuka (China) Investment Co., Ltd.\* (大塚(中國)投資有限公司) and the general manager of Shanghai Pudong Technology, successively.

Mr. YJ Li holds a doctorate postgraduate degree from Shanghai Jiao Tong University (上海交通大學) in the PRC.

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## LETTER FROM CICC

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

The Stock Exchange has stated that if, at the close of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares, are held by the public, or if the Stock Exchange believes that:

- (a) a false market exists or may exist in the trading of the Shares; or
- (b) 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 Joint Offerors intend the Company to remain listed on the Stock Exchange. The directors of each of the Joint Offerors and the new directors to be appointed to the Board will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Company's shares.

The Company and the Joint Offerors consider that, if applicable, the appropriate actions to be taken after the close of the Offer shall include placing down of sufficient number of accepted Shares by the Joint Offerors and/or issue of additional Shares by the Company for this purpose. The Company and the Joint Offerors will issue a separate announcement as and when necessary in this regard.

### **COMPULSORY ACQUISITION**

The Joint Offerors do not intend to exercise any right which may be available to it to compulsorily acquire any outstanding Offer Shares not acquired under the Offer after the close of the Offer.

### **FURTHER TERMS OF THE OFFER**

Further terms of the Offer (including the procedures for acceptance, the acceptance period and stamp duty payable by the Offer Shareholders who accept the Offer) are set out in Appendix I to this Composite Document and the accompanying Form of Acceptance.

### **GENERAL**

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

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

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## LETTER FROM CICC

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All documents and remittances to be sent to the Independent Shareholders will be sent to them by ordinary post at their own risk. Such documents and remittances will be sent to the Independent Shareholders at their respective addresses as they appear in the register of members of the Company or in the case of joint Shareholders, to such Shareholder whose name appears first in the register of members of the Company. The Company, the Joint Offerors and parties acting in concert with them (including Shanghai SEMI Fund and Zhanxing Fund), the Registrar or any of their respective ultimate beneficial owners, directors, officers, agents or associates or any other persons involved in the Offer will not be responsible for any loss or delay in transmission or any other liabilities that may arise as a result thereof or in connection therewith.

### WARNING

Independent Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company (including the Shares and any options or rights in respect of them). Persons who are in doubt as to the action they should take are advised to consult a licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional advisers.

### ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this Composite Document which form part 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 VBG Capital”, the “Valuation Report” and other information about the Group, which are set out in this Composite Document, before deciding whether or not to accept the Offer.

Yours faithfully,  
For and on behalf of  
**China International Capital Corporation Hong Kong Securities Limited**  
**Raymond Pak**  
*Managing Director*  
**Li Jie**  
*Executive Director*

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LETTER FROM THE BOARD

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**Unisplendour Technology (Holdings) Limited**  
**(紫光科技(控股)有限公司)\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 00365)**

***Executive Directors:***

Mr. ZHANG Yadong (*Chairman*)  
Mr. XIA Yuan (*Chief Executive Officer*)  
Mr. ZHENG Bo

***Non-Executive Directors:***

Mr. LI Zhongxiang (*Vice Chairman*)  
Mr. QI Lian

***Independent Non-Executive Directors:***

Mr. CUI Yuzhi  
Mr. BAO Yi  
Mr. PING Fan

***Registered Office:***

Clarendon House  
2 Church Street  
Hamilton HM11  
Bermuda

***Principal Place of Business:***

Unit 02-03, 69/F  
International Commerce Centre  
1 Austin Road West  
Tsim Sha Tsui  
Kowloon  
Hong Kong

**14 October 2019**

*To the Independent Shareholders*

Dear Sir or Madam,

**MANDATORY UNCONDITIONAL CASH OFFER BY  
CHINA INTERNATIONAL CAPITAL CORPORATION  
HONG KONG SECURITIES LIMITED  
FOR AND ON BEHALF OF THE JOINT OFFERORS  
TO ACQUIRE ALL THE ISSUED SHARES IN  
UNISPLENDOUR TECHNOLOGY (HOLDINGS) LIMITED  
(OTHER THAN THOSE ALREADY OWNED AND/OR AGREED TO BE ACQUIRED  
BY THE JOINT OFFERORS AND PARTIES ACTING IN CONCERT WITH THEM)**

**INTRODUCTION**

Reference is made to the Joint Announcement dated 17 September 2019 jointly issued by the Joint Offerors and the Company in relation to, among other things, the Share Purchase Agreement and the Offer.

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## LETTER FROM THE BOARD

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On 17 September 2019, the Joint Offerors and the Company jointly announced that on 17 September 2019, the Vendor, Sino Xin Ding and Beijing Unis Capital entered into the Share Purchase Agreement, pursuant to which Sino Xin Ding conditionally agreed to acquire from the Vendor the Sale Shares, being 986,829,420 Shares and representing approximately 67.82% of the total issued share capital as at the date of the Joint Announcement, for a total consideration of HK\$990 million (equivalent to approximately HK\$1.00 per Sale Share). Completion of the Share Purchase Agreement took place on 26 September 2019.

Immediately after Completion and as at the Latest Practicable Date, the Joint Offerors and parties acting in concert with them (including Shanghai SEMI Fund and Zhanxing Fund) were interested in a total of 986,829,420 Shares, representing approximately 67.82% of the entire issued share capital of the Company. Pursuant to Rule 26.1 of the Takeovers Code, upon Completion, the Joint Offerors and the parties acting in concert with them (including Shanghai SEMI Fund and Zhanxing Fund) are required to make a mandatory unconditional general offer in cash for all the issued Shares other than those already owned or agreed to be acquired by the Joint Offerors and parties acting in concert with them (including Shanghai SEMI Fund and Zhanxing Fund).

The purpose of this Composite Document is to provide you with, among other things, (i) the details of the Offer (including the expected timetable and terms of the Offer); (ii) the letter from the Board; (iii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Offer; (iv) a letter of advice from the Independent Financial Adviser to the Independent Board Committee in relation to the Offer; (v) a valuation report from RHL; and (vi) information relating to the Group and the Joint Offerors, together with the Form of Acceptance.

### MANDATORY UNCONDITIONAL GENERAL OFFER

As at the Latest Practicable Date, there were (a) 1,455,000,000 Shares in issue, of which 986,829,420 Shares (representing approximately 67.82% of the total issued share capital of the Company) were held by the Joint Offerors (directly held by Sino Xin Ding and UNIC Capital is deemed to have an interest in such Shares under Part XV of the SFO) and parties acting in concert with them (including Shanghai SEMI Fund and Zhanxing Fund), and (b) Convertible Bonds in an aggregate principal amount of HK\$148,000,000 convertible into 370,000,000 Shares, all of which were held by the Vendor. Apart from the aforementioned, the Company had no other outstanding securities, options, warrants or derivatives which are convertible into or which confer rights to require the issue of Shares and no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) as at the Latest Practicable Date. Taking into account the Shares in relation to the Chen Irrevocable Undertaking, the RG Irrevocable Undertaking, the BTF Irrevocable Undertaking, the Sun East Irrevocable Undertaking, the Sum Win Irrevocable Undertaking, and the Mind Seekers Irrevocable Undertaking, a total of 187,235,412 Shares will be subject to the Offer.

### Principal terms of the Offer

CICC, for and on behalf of the Joint Offerors, hereby makes the Offer on the following terms in compliance with the Takeovers Code on the following basis:

**For every Offer Share . . . . . HK\$1.01 in cash**



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## LETTER FROM THE BOARD

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The Offer Price of HK\$1.01 per Offer Share is determined by rounding up the price per Sale Share paid by the Joint Offerors to the nearest cent.

The Offer Shares to be acquired under the Offer shall be fully paid and free from any Encumbrance and together with all rights and entitlements attaching or accruing thereto including, without limitation, the right to receive all dividends and other distributions, if any, the record date of which is on or after the date on which the Offer is made (i.e. the date of the despatch of the Composite Document).

The Company confirms that as at the Latest Practicable Date, (a) it had not declared any dividend, the record date of which falls on or after the date of this Composite Document; and (b) it did not have any intention to make, declare or pay any future dividend or make other distributions until the close of the Offer Period.

The Offer is unconditional in all respects and will not be conditional upon acceptances being received in respect of a minimum number of Shares or any other conditions. The Offer will be extended to all Independent Shareholders in accordance with the Takeovers Code.

Further details regarding the Offer, including the terms and procedures for acceptance of the Offer are set out in the “Letter from CICC” as set out on pages 8 to 24 of this Composite Document and “Further Terms and Procedures for Acceptance of the Offer” as set out in Appendix I to this Composite Document and the accompanying Form of Acceptance.

### **IRREVOCABLE UNDERTAKINGS IN RELATION TO THE OFFER**

#### **The Vendor Irrevocable Undertaking**

As at the Latest Practicable Date, the Vendor held convertible bonds issued by the Company in an aggregate principal amount of HK\$148,000,000 convertible into 370,000,000 Shares at a conversion price of HK\$0.40 per Share.

Pursuant to the Vendor Irrevocable Undertaking, the Vendor has irrevocably undertaken to the Joint Offerors that (a) it will not accept any general offer to be made by the Joint Offerors with respect to the Convertible Bonds, and that from the date of the Vendor Irrevocable Undertaking for a continuing period which lasts after the close of the Offer until the Convertible Bonds are fully redeemed, it will not, whether directly or indirectly, sell, transfer, encumber or otherwise dispose of the Convertible Bonds or exercise any right under the Convertible Bonds to require the Company to redeem the Convertible Bonds before maturity, being 30 May 2021 (five years from the date of issue), without first having reached an agreement with the Company and the Joint Offerors and (b) it will not convert any part or the whole of the Convertible Bonds into Shares or exercise any other right of conversion, and will give up any potential right of conversion under the terms of the Convertible Bonds.

In light of the Vendor Irrevocable Undertaking, no offer will be made for the Convertible Bonds as all the outstanding Convertible Bonds are held by the Vendor.



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## LETTER FROM THE BOARD

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### **The Chen Irrevocable Undertaking**

As at the Latest Practicable Date, Ms. Chen held 100,000,000 Shares, representing approximately 6.87% of the total issued share capital of the Company. Ms. Chen has entered into the Chen Irrevocable Undertaking, pursuant to which Ms. Chen has undertaken to the Joint Offerors that she will not (a) accept the Offer with respect to, and (b) until the close of the Offer or the Offer lapses, whether directly or indirectly, sell, transfer, encumber or otherwise dispose of, the 100,000,000 Shares held by her.

### **The RG Irrevocable Undertaking**

As at the Latest Practicable Date, Reach General held 93,152,000 Shares, representing approximately 6.40% of the total issued share capital of the Company. Reach General has entered into the RG Irrevocable Undertaking, pursuant to which Reach General has undertaken to the Joint Offerors that it will not (a) accept the Offer with respect to, and (b) until the close of the Offer or the Offer lapses, whether directly or indirectly, sell, transfer, encumber or otherwise dispose of, the 93,152,000 Shares held by it.

### **The BTF Irrevocable Undertaking**

As at the Latest Practicable Date, Mr. But (directly held 37,525,200 Shares and indirectly through Sun East, Sum Win and Mind Seekers held 50,257,968 Shares) held 87,783,168 Shares, representing approximately 6.03% of the total issued share capital of the Company. Mr. But has entered into the BTF Irrevocable Undertaking, pursuant to which Mr. But has undertaken to the Joint Offerors that he will not (a) accept, and will procure that none of Sun East, Sum Win and Mind Seekers will accept the Offer with respect to, and (b) until the close of the Offer or the Offer lapses, whether directly or indirectly, sell, transfer, encumber or otherwise dispose of, the 87,783,168 Shares interested in by them.

### **The Sun East Irrevocable Undertaking**

As at the Latest Practicable Date, Sun East held 3,796,000 Shares, representing approximately 0.26% of the total issued share capital of the Company. Sun East has entered into the Sun East Irrevocable Undertaking, pursuant to which Sun East has undertaken to the Joint Offerors that it will not (a) accept the Offer with respect to, and (b) until the close of the Offer or the Offer lapses, whether directly or indirectly, sell, transfer, encumber or otherwise dispose of, the 3,796,000 Shares held by it. For clarity, the Shares which are covered under the Sun East Irrevocable Undertaking overlap with those covered under the BTF Irrevocable Undertaking.

### **The Sum Win Irrevocable Undertaking**

As at the Latest Practicable Date, Sum Win held 2,424,800 Shares, representing approximately 0.17% of the total issued share capital of the Company. Sum Win has entered into the Sum Win Irrevocable Undertaking, pursuant to which Sum Win has undertaken to the Joint Offerors that it will

## LETTER FROM THE BOARD

not (a) accept the Offer with respect to, and (b) until the close of the Offer or the Offer lapses, whether directly or indirectly, sell, transfer, encumber or otherwise dispose of, the 2,424,800 Shares held by it. For clarity, the Shares which are covered under the Sum Win Irrevocable Undertaking overlap with those covered under the BTF Irrevocable Undertaking.

### The Mind Seekers Irrevocable Undertaking

As at the Latest Practicable Date, Mind Seekers held 44,037,168 Shares, representing approximately 3.03% of the total issued share capital of the Company. Mind Seekers has entered into the Mind Seekers Irrevocable Undertaking, pursuant to which Mind Seekers has undertaken to the Joint Offerors that it will not (a) accept the Offer with respect to, and (b) until the close of the Offer or the Offer lapses, whether directly or indirectly, sell, transfer, encumber or otherwise dispose of, the 44,037,168 Shares held by it. For clarity, the Shares which are covered under the Mind Seekers Irrevocable Undertaking overlap with those covered under the BTF Irrevocable Undertaking.

### INFORMATION ON THE GROUP

The Company, formerly known as Sun East Technology (Holdings) Limited, is a limited liability company incorporated in Bermuda and is principally engaged in investment holding. The Company's shares have been listed on the Stock Exchange since 2000. The Group is principally engaged in SMT equipment manufacturing and related business, and securities investment business.

Set out below is a summary of the audited consolidated financial results of the Group for the nine months ended 31 December 2016 and each of the financial years ended 31 December 2017 and 2018, respectively, as extracted from the relevant published financial statements of the Group for the relevant years, and the unaudited consolidated financial results of the Group for the six months ended 30 June 2018 and 2019 as extracted from the published interim report of the Company dated 6 September 2019.

	For the six months ended 30 June 2019 (unaudited) HK\$'000	For the six months ended 30 June 2018 (unaudited) HK\$'000	For the year ended 31 December 2018 (audited) HK\$'000	For the year ended 31 December 2017 (audited) HK\$'000	For the nine months ended 31 December 2016 (Note 1) (audited) HK\$'000
<b>RESULTS</b>					
Revenue	95,777	30,549	71,430 (Note 2)	246,029 (Note 2)	268,360
(Loss)/profit before income tax	(3,714)	(89,879)	(143,422) (Note 2)	54,862 (Note 2)	(581,472)
(Loss)/profit for the period/year attributable to equity holders of the Company	(4,118)	(77,437)	(122,919)	51,569	(603,151)

## LETTER FROM THE BOARD

*Notes:*

1. On 29 June 2016, the Company announced that the financial year end date of the Company was changed from 31 March to 31 December commencing from the financial period ended 31 December 2016. Accordingly, the financial periods cover the twelve-month period from 1 January 2017 to 31 December 2017, and the comparative period of the nine months from 1 April 2016 to 31 December 2016, and the information of the comparative periods are not directly comparable.
2. The figures refer to the financials of the continuing operations segment for the respective period only. In September 2018, Unis Si-Cloud Financial Leasing Co., Ltd., which was mainly engaged in finance lease and factoring business, ceased to be a subsidiary of the Company and ceased to be consolidated into the consolidated financial statements of the Company. With reference to the 2018 annual report, the results of finance lease and factoring business for the year ended 31 December 2018 and the year ended 31 December 2017 have been classified/re-stated as terminated operation of the Group.

Your attention is drawn to the “Financial Information of the Group”, “General Information of the Company” and the “Valuation Report” as set out in Appendices II, IV and V respectively, to this Composite Document.

### SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company (i) immediately prior to Completion; and (ii) after Completion and as at the Latest Practicable Date:

	Immediately prior to Completion		After Completion and as at the Latest Practicable Date	
	<i>No. of Shares</i>	<i>Approximate %</i>	<i>No. of Shares</i>	<i>Approximate %</i>
<b>Joint Offerors and the parties acting in concert with them (including Shanghai SEMI Fund and Zhanxing Fund)</b>				
- Sino Xin Ding	Nil	Nil	986,829,420	67.82
- UNIC Capital <sup>#</sup>	Nil	Nil	Nil	Nil
- Parties acting in concert with the Joint Offerors (including Shanghai SEMI Fund and Zhanxing Fund but other than Unis Technology and its parties acting in concert)	Nil	Nil	Nil	Nil
<b>Vendor</b>	986,829,420	67.82	Nil	Nil
<b>Public Shareholders</b>	468,170,580	32.18	468,170,580	32.18
<b>Total</b>	<b><u>1,455,000,000</u></b>	<b><u>100.00</u></b>	<b><u>1,455,000,000</u></b>	<b><u>100.00</u></b>

*Note:*

- <sup>#</sup> UNIC Capital is the only controlling shareholder of Sino Xin Ding with a majority shareholding therein and is deemed to have an interest in the Shares held by Sino Xin Ding under Part XV of the SFO.

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## LETTER FROM THE BOARD

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### INFORMATION ON THE JOINT OFFERORS AND INTENTION OF THE JOINT OFFERORS IN RELATION TO THE GROUP

Your attention is drawn to the sections headed “Information on the Joint Offerors” and “Intention of the Joint Offerors regarding the Group” in the “Letter from CICC” as set out on pages 8 to 24 of this Composite Document. The Board is aware of the Joint Offerors’ intentions in respect of the Group and is willing to cooperate with the Joint Offerors and acts in the best interests of the Company and the Independent Shareholders as a whole.

#### Maintaining the listing status of the Company

As disclosed in the “Letter from CICC” contained in this Composite Document, the Joint Offerors have no intention to privatise the Group.

The Stock Exchange has stated that if, at the close of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares, are held by the public, or if the Stock Exchange believes that:

- (a) a false market exists or may exist in the trading of the Shares; or
- (b) 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 Joint Offerors intend the Company to remain listed on the Stock Exchange. The directors of each of the Joint Offerors and the new directors to be appointed to the Board will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Company’s shares.

The Company and the Joint Offerors consider that, if applicable, the appropriate actions to be taken after the close of the Offer shall include placing down of sufficient number of accepted Shares by the Joint Offerors and/or issue of additional Shares by the Company for this purpose. The Company and the Joint Offerors will issue a separate announcement as and when necessary in this regard.

### PROPOSED CHANGE TO THE BOARD COMPOSITION OF THE COMPANY

Your attention is drawn to the section headed “Proposed Change to the Board Composition of the Company” in the “Letter from CICC” as set out on pages 8 to 24 of this Composite Document.

As at the Latest Practicable Date, the Board comprised three executive Directors, namely Mr. Zhang Yadong (Chairman), Mr. Xia Yuan (Chief Executive Officer) and Mr. Zheng Bo; two non-executive Directors, namely Mr. Li Zhongxiang (Vice Chairman) and Mr. Qi Lian; and three independent non-executive Directors, namely Mr. Cui Yuzhi, Mr. Bao Yi and Mr. Ping Fan. In accordance with the Share Purchase Agreement, amongst the above existing Directors, Mr. Zhang Yadong (Chairman), Mr. Zheng Bo, Mr. Li Zhongxiang (Vice Chairman) and Mr. Qi Lian intend to resign at a date permitted under the Takeovers Code.

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## LETTER FROM THE BOARD

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The Joint Offerors intend to nominate new Directors with effect from the earliest time as permitted under the Takeovers Code, and any such appointment will be made in compliance with the Takeovers Code and the Listing Rules. Please refer to the section headed “Proposed Change to the Board Composition of the Company” in the “Letter from CICC” as set out on pages 8 to 24 for the biographical information of the new Directors nominated by the Joint Offerors.

### THE INDEPENDENT BOARD COMMITTEE AND THE INDEPENDENT FINANCIAL ADVISER

Rule 2.1 of the Takeovers Code requires the Offeree to establish an independent committee of the Board to give a recommendation to the Independent Shareholders on the Offer as to whether the Offer is fair and reasonable and as to acceptance of the Offer, and Rule 2.8 of the Takeovers Code requires that such independent committee should comprise all the non-executive Directors who have no direct or indirect interest in the Offer other than as a Shareholder.

Mr. Li Zhongxiang and Mr. Qi Lian are both directors of Tsinghua Unigroup, which (i) indirectly controls 100% of the shares of Unis Technology; and (ii) is an indirect shareholder of UNIC Capital, which in turn is an indirect shareholder of Sino Xin Ding. An Independent Board Committee which comprises all the remaining non-executive Directors of the Company, namely, Mr. Cui Yuzhi, Mr. Bao Yi and Mr. Ping Fan, has been established to advise the Independent Shareholders in respect of the Offers.

VBG Capital, a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, has been appointed by the Company after approval by the Independent Board Committee as the Independent Financial Adviser to advise the Independent Board Committee in respect of the Offer and, in particular, as to whether the Offer is fair and reasonable and as to acceptance of the Offer pursuant to Rule 2.1 of the Takeovers Code.

### RECOMMENDATION

Your attention is drawn to the “Letter from the Independent Board Committee” as set out on pages 34 to 35 of this Composite Document and the “Letter from VGB Capital” as set out on pages 36 to 52 of this Composite Document, which contain, among other things, their advice in relation to the Offer and the principal factors considered by them in arriving at their recommendation.

The Independent Shareholders are urged to read those letters carefully before taking any action in respect of the Offer.

### ADDITIONAL INFORMATION

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

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## LETTER FROM THE BOARD

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

Yours faithfully,

By order of the board of directors of  
**Unisplendour Technology (Holdings) Limited**

**Mr. XIA Yuan**

*Chief Executive Officer*

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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*Set out below is the text of the letter of recommendation from the Independent Board Committee in respect of the Offer for inclusion in this Composite Document.*



### Unisplendour Technology (Holdings) Limited

(紫光科技(控股)有限公司)\*

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 00365)

14 October 2019

*To the Independent Shareholders*

Dear Sir or Madam,

**MANDATORY UNCONDITIONAL CASH OFFER BY  
CHINA INTERNATIONAL CAPITAL CORPORATION  
HONG KONG SECURITIES LIMITED  
FOR AND ON BEHALF OF THE JOINT OFFERORS  
TO ACQUIRE ALL THE ISSUED SHARES IN  
UNISPLENDOUR TECHNOLOGY (HOLDINGS) LIMITED  
(OTHER THAN THOSE ALREADY OWNED AND/OR AGREED TO BE ACQUIRED  
BY THE JOINT OFFERORS AND PARTIES ACTING IN CONCERT WITH THEM)**

#### INTRODUCTION

We refer to the composite document jointly issued by the Joint Offerors and the Company dated 14 October 2019 (the “**Composite Document**”), of which this letter forms part. Unless the context otherwise requires, terms used in this letter shall have the same meanings as those defined in the Composite Document.

We have been appointed to constitute the Independent Board Committee to consider the terms of the Offer and to advise you as to whether, in our opinion, the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned, and as to the acceptance of the Offer. VBG Capital has been appointed as the Independent Financial Adviser to advise us in this respect. Details of its advice and the principal factors taken into consideration in arriving at its recommendation are set out in the “Letter from VBG Capital” on pages 36 to 52 of the Composite Document.

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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We also wish to draw your attention to the “Letter from the Board” as set out on pages 25 to 33 of the Composite Document, the “Letter from CICC” as set out on pages 8 to 24 of the Composite Document and the additional information as set out in the appendices to the Composite Document.

### RECOMMENDATION

Taking into account the terms of the Offer and the advice from the Independent Financial Adviser, and the principal factors and reasons taken into account in arriving at its recommendation, we consider that the terms of the Offer are not fair and not reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders not to accept the Offer.

However, for those Independent Shareholders who are considering to realise all or part of their holdings in the Shares, they should closely monitor the market price and liquidity of the Shares during the period of the Offer. Should the market price of the Shares exceed the Offer Price during the period of the Offer, and the sale proceeds (net of transaction costs) exceed the net proceeds receivable under the Offer, the Independent Shareholders may wish to consider selling their Shares in the open market instead of accepting the Offer.

In any case, the Independent Shareholders are strongly advised that the decision to realise or to hold their investment is subject to individual circumstances and investment objectives. If in doubt, the Independent Shareholders should consult their own professional advisers for advice. Furthermore, the Independent Shareholders who wish to accept the Offer are recommended to read carefully the procedures for accepting the Offer as detailed in the Composite Document and the accompanying Form of Acceptance.

Yours faithfully,  
for and on behalf of the  
**Independent Board Committee of**  
**Unisplendour Technology (Holdings) Limited**

**Mr. CUI Yuzhi**  
*Independent*  
*Non-executive Director*

**Mr. BAO Yi**  
*Independent*  
*Non-executive Director*

**Mr. PING Fan**  
*Independent*  
*Non-executive Director*



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## LETTER FROM VBG CAPITAL

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*Set out below is the text of a letter received from VBG Capital, the Independent Financial Adviser to the Independent Board Committee in respect of the Offer for the purpose of inclusion in this Composite Document.*



建泉融資有限公司  
VBG Capital Limited

18/F., Prosperity Tower  
39 Queen's Road Central  
Hong Kong

14 October 2019

*To: The independent board committee of Unisplendour Technology (Holdings) Limited*

Dear Sirs,

**UNCONDITIONAL MANDATORY CASH OFFER BY  
CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES  
LIMITED FOR AND ON BEHALF OF  
THE JOINT OFFERORS TO ACQUIRE ALL THE ISSUED SHARES IN  
UNISPLENDOUR TECHNOLOGY (HOLDINGS) LIMITED  
(OTHER THAN THOSE ALREADY OWNED AND/OR AGREED TO BE ACQUIRED  
BY THE JOINT OFFERORS AND PARTIES ACTING IN CONCERT WITH THEM)**

### INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee in respect of the Offer, details of which are set out in the Composite Document dated 14 October 2019 jointly issued by the Company and the Joint Offerors to the Shareholders, of which this letter of advice forms part. Capitalised terms used in this letter of advice shall have the same meanings as defined in the Composite Document unless the context requires otherwise.

On 17 September 2019, the Vendor entered into the Share Purchase Agreement with Sino Xin Ding and Beijing Unis Capital, pursuant to which Sino Xin Ding conditionally agreed to acquire from the Vendor the Sale Shares (being an aggregate of 986,829,420 Shares, representing approximately 67.82% of the entire issued share capital of the Company as at the Latest Practicable Date) for a total consideration of HK\$990 million (equivalent to approximately HK\$1.00 per Sale Share). Completion has taken place on 26 September 2019.

Immediately after Completion, the Joint Offerors and parties acting in concert with them (including Shanghai SEMI Fund and Zhanxing Fund) are interested in 986,829,420 Shares, representing approximately 67.82% of the entire issued share capital of the Company as at the Latest Practicable Date. Accordingly, pursuant to Rule 26.1 of the Takeovers Code, the Joint Offerors are required to make an unconditional mandatory cash offer for all the issued Shares (other than those already owned and/or agreed to be acquired by the Joint Offerors and parties acting in concert with them (including Shanghai SEMI Fund and Zhanxing Fund)).

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## LETTER FROM VBG CAPITAL

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Other than the Sale Shares, the Vendor also holds the Convertible Bonds in an aggregate principal amount of HK\$148,000,000 convertible into 370,000,000 Shares at a conversion price of HK\$0.40 per Share. Apart from the aforementioned, the Company had no other outstanding securities, options, warrants or derivatives which are convertible into or which confer rights to require the issue of Shares and no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) as at the Latest Practicable Date. Taking into account the 986,829,420 Shares that are already owned or agreed to be acquired by the Joint Offerors and parties acting in concert with them (including Shanghai SEMI Fund and Zhanxing Fund) and the Shares in relation to the Chen Irrevocable Undertaking, the RG Irrevocable Undertaking, the BTF Irrevocable Undertaking, the Sun East Irrevocable Undertaking, the Sum Win Irrevocable Undertaking and the Mind Seekers Irrevocable Undertaking, a total of 187,235,412 Shares are subject to the Offer.

Mr. Li Zhongxiang and Mr. Qi Lian, each being a non-executive Director, are both directors of Tsinghua Unigroup, which (i) indirectly controls 100% of the shares of the Vendor; and (ii) is an indirect shareholder of UNIC Capital, which in turn is an indirect shareholder of Sino Xin Ding. An Independent Board Committee which comprises all the remaining non-executive Directors, namely, Mr. Cui Yuzhi, Mr. Bao Yi and Mr. Ping Fan, has been established in accordance with Rule 2.1 and Rule 2.8 of the Takeovers Code to make a recommendation to the Independent Shareholders as to whether the terms of the Offer are fair and reasonable and as to the acceptance of the Offer. We, VBG Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee in this respect, and our opinion herein is solely for the assistance of the Independent Board Committee in connection with its consideration of the Offer pursuant to Rule 2.1 of the Takeovers Code. The appointment of VBG Capital as the Independent Financial Adviser has been approved by the Independent Board Committee.

### OUR INDEPENDENCE

As at the Latest Practicable Date, apart from the existing engagement in connection with the Offer, we confirm that we did not have any significant connection, business, financial or otherwise, with the Company and/or the Joint Offerors or the controlling shareholders of either of them within two years prior to the commencement of the Offer Period, of a kind reasonably likely to create, or create the perception of, a conflict of interest or reasonably likely to affect the objectivity of our advice. Save for the normal fees payable to us in connection with this appointment, no arrangement exists whereby we will receive any fees or benefits from the Company and its subsidiaries or the Directors, chief executive or substantial shareholders (as defined in the Listing Rules) of the Company or any of their associates, the Joint Offerors or parties acting in concert with any of them. We consider ourselves independent to form our opinion in respect of the Offer.

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## LETTER FROM VBG CAPITAL

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### **BASIS OF OUR OPINION**

In formulating our opinion to the Independent Board Committee, we have relied on the statements, information, opinions and representations contained or referred to in the Composite Document and the information and representations as provided to us by the management of the Group and the Joint Offerors (where applicable). We have assumed that all information and representations that have been provided by the management of the Group and the Joint Offerors (where applicable), for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors and the Joint Offerors (where applicable) in the Composite Document were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Composite Document, or the reasonableness of the opinions expressed by the Company, the Joint Offerors, their respective advisers and/or management (where applicable), which have been provided to us. Our opinion is based on the management of the Group's and the Joint Offerors' representation and confirmation that there are no undisclosed private agreements/arrangements or implied understanding with anyone concerning the Offer. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Listing Rules and Rule 2 of the Takeovers Code.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Composite Document (other than the information relating to the Joint Offerors and parties acting in concert with them (including Shanghai SEMI Fund and Zhanxing Fund, but excluding for this purpose, the Group)), and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Composite Document (other than the opinion expressed by the Joint Offerors or the directors of the Joint Offerors) have been arrived at after due and careful consideration and there are no other facts not contained in the Composite Document, the omission of which would make any statement contained in the Composite Document misleading.

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

We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Composite Document, save and except for this letter of advice. We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent investigation into the business and affairs of the Company, the Joint Offerors, the Warrantor or their respective shareholders, subsidiaries or associates (if applicable), nor have we considered the taxation implication on the Group or the Shareholders as a result of the Offer. The Company has been separately advised by its own professional advisers with respect to the Offer and the preparation of the Composite Document (other than this letter of advice).

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## LETTER FROM VBG CAPITAL

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We have assumed that the Offer will be consummated in accordance with the terms and conditions set forth in the Composite Document without any waiver, amendment, addition or delay of any terms or conditions. We have assumed that in connection with the receipt of all the necessary governmental, regulatory or other approvals and consents as required for the Offer, no delay, limitation, condition or restriction will be imposed that would have a material adverse effect on the contemplated benefits expected to be derived from the Offer. In addition, our opinion is necessarily based on the financial, market, economic, industry-specific and other conditions as they existed on, and the information made available to us as at the Latest Practicable Date.

Where information in this letter of advice has been extracted from published or otherwise publicly available sources, we have ensured that such information has been correctly and fairly extracted, reproduced or presented from the relevant sources while we did not conduct any independent investigation into the accuracy and completeness of such information.

Should there be any material changes to the information affecting our opinion after the Latest Practicable Date, Shareholders would be notified as soon as possible in compliance with Rule 9.1 of the Takeovers Code.

### PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Offer, we have taken into consideration the following principal factors and reasons:

#### (1) Background and terms of the Offer

CICC is, on behalf of the Joint Offerors and in compliance with the Takeovers Code, making the Offer to acquire all the issued Shares (other than those already owned and/or agreed to be acquired by the Joint Offerors and parties acting in concert with them (including Shanghai SEMI Fund and Zhanxing Fund)) on the following basis:

**For every Offer Share held . . . . . HK\$1.01 in cash**

The Offer Price of HK\$1.01 per Offer Share is determined by rounding up the price per Sale Share paid by the Joint Offerors to the nearest cent.

The Offer Shares to be acquired under the Offer shall be fully paid and free from any Encumbrance and together with all rights and entitlements attaching or accruing thereto including, without limitation, the right to receive all dividends and other distributions, if any, the record date of which is on or after the date on which the Offer is made (i.e. the date of despatch of the Composite Document).

The Company confirms that as at the Latest Practicable Date, (a) it had not declared any dividend, the record date of which falls on or after the date of the Composite Document; and (b) it did not have any intention to make, declare or pay any future dividend or make other distributions until the close of the Offer Period.

## LETTER FROM VBG CAPITAL

The Offer is unconditional in all respects and is not conditional upon acceptances being received in respect of a minimum number of Shares or any other conditions. The Offer will be extended to all Independent Shareholders in accordance with the Takeovers Code.

Acceptance of the Offer would be irrevocable and would not be capable of being withdrawn, subject to the provisions of the Takeovers Code.

As confirmed by the Directors, as at the Latest Practicable Date, the Company had 1,455,000,000 Shares in issue, and save for the said Shares in issue and the Convertible Bonds, the Company had no other outstanding securities, options, warrants or derivatives which are convertible into or which confer rights to require the issue of Shares and no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) as at the Latest Practicable Date. Taking into account the 986,829,420 Shares that are already owned or acquired by the Joint Offerors and parties acting in concert with them (including Shanghai SEMI Fund and Zhanxing Fund) and the Shares in relation to the Chen Irrevocable Undertaking, the RG Irrevocable Undertaking, the BTF Irrevocable Undertaking, the Sun East Irrevocable Undertaking, the Sum Win Irrevocable Undertaking and the Mind Seekers Irrevocable Undertaking, a total of 187,235,412 Shares are subject to the Offer, and no offer will be made for the Convertible Bonds in light of the Vendor Irrevocable Undertaking and as all the outstanding Convertible Bonds are held by the Vendor.

### (2) Business and financial information on the Group

Set out below is a summary of the consolidated financial information on the Group for the six months ended 30 June 2019 and 2018 and the two years ended 31 December 2018 as extracted from the interim report of the Company for the six months ended 30 June 2019 (the “**2019 Interim Report**”) and the annual report of the Company for the year ended 31 December 2018 (the “**2018 Annual Report**”):

	For the six months ended 30 June		For the year ended 31 December	
	2019	2018	2018	2017
	( <i>unaudited</i> )	( <i>unaudited</i> )	( <i>audited</i> )	( <i>audited</i> )
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Continuing operation (Note 1)</b>				
Revenue (Note 2)	95,777	30,549	71,430	246,029
- Production and sales of industrial products	92,745	104,742	181,497	195,989
- Securities investment	2,448	(75,394)	(112,682)	50,040
Gross profit/ (loss)	35,341	(42,268)	(56,562)	71,181
(Loss)/ profit for the period/ year (Note 3)	(4,118)	(77,437)	(122,600)	49,304

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## LETTER FROM VBG CAPITAL

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*Notes:*

- (1) *The finance lease and factoring business was terminated by the Group during the year ended 31 December 2018.*
- (2) *The total revenue of the Group may also include revenue from unallocated activities which was minimal and is hence not shown in this table.*
- (3) *Excluding the loss or profit (as the case may be) from the terminated operation.*

The Group is principally engaged in the SMT equipment manufacturing and related business and the securities investment business.

### *SMT equipment manufacturing and related business*

As advised by the Directors, the SMT equipment manufacturing and related business is the core of the Group's development. With reference to the 2018 Annual Report, the Group has terminated the low-end businesses such as agent product sales since 2018 to concentrate resources on the research and development (R&D) and sale of self-manufactured SMT products. During 2018, the Group launched a number of new equipment featuring intelligence, high precision and high flexibility to meet the market demand, and offered various SMT solutions to cover a full range of hardware equipment such as the selective wave soldering machine, wave soldering machine, solder paste printer and dispenser, as well as the intelligent manufacturing management system. Despite the decrease in the total revenue of the production and sales of industrial products segment from approximately HK\$196.0 million in 2017 to approximately HK\$181.5 million in 2018 due to the aforesaid termination of agent product sales, leveraging on the introduction of new SMT equipment which are well-received by the market, the Group recorded sales revenue of approximately HK\$181.5 million from its own-brand SMT equipment manufacturing and related business for the year ended 31 December 2018, representing a significant growth of approximately 33.7% as compared to the sales revenue from its own-brand SMT equipment manufacturing and related business of approximately HK\$135.7 million for the year ended 31 December 2017. The SMT equipment manufacturing and related business also enjoyed a significant increase in gross profit margin from around 14% in 2017 to around 30% in 2018.

According to the Directors, during the first half of 2019, the PRC's export trade was adversely affected by the global economic uncertainties and the intensified China-US trade dispute, and the slower growth of the manufacturing industry. Business of the Group had been indirectly affected, with the Group's revenue from the SMT equipment manufacturing and related business decreasing from approximately HK\$104.7 million for the six months ended 30 June 2018 to approximately HK\$92.7 million for the six months ended 30 June 2019. Yet, benefiting from the continuous introduction of new SMT equipment and the adoption of effective cost control measures, the gross profit margin of the segment increased further to around 35% for the six months ended 30 June 2019 as compared to around 31% for the six months ended 30 June 2018 and around 11% for the six months ended 30 June 2017.

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## LETTER FROM VBG CAPITAL

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We have independently researched for various key figures to understand the overall performance of the PRC's electronic equipment industry, which would likely be affecting the Group as an industry participant, under the global economic uncertainties and the intensified China-US trade dispute. Based on the statistics released by the Ministry of Industry and Information Technology of the PRC, the total added-value output of China's electronic information manufacturing enterprises (with annual revenue of above RMB20 million) increased by approximately 13.1% in 2018 on a year-on-year basis as compared to 2017. The total value of export of China's electronic information manufacturing enterprises (with annual revenue of above RMB20 million) increased by approximately 9.8% in 2018 on a year-on-year basis as compared to 2017. The total turnover of China's electronic information manufacturing enterprises (with annual revenue of above RMB20 million) also increased by approximately 9.0% in 2018 on a year-on-year basis as compared to 2017. During the first half of 2019, in view of that the electronic equipment industry of the PRC relies on both domestic and overseas demand and hence the export trade, the industry was continued to be affected by the global economic uncertainties and the intensified China-US trade dispute resulting in slowdown of growth of the industry as a whole. Based on the latest statistics released by the Ministry of Industry and Information Technology of the PRC, in the first half of 2019, the total added-value output of China's electronic information manufacturing enterprises (with annual revenue of above RMB20 million) increased by approximately 9.6% as compared to the corresponding period of the prior year (that is lower than the year-on-year growth of approximately 13.1% in 2018); the total value of export of China's electronic information manufacturing enterprises (with annual revenue of above RMB20 million) increased by approximately 3.8% as compared to the corresponding period of the prior year (that is lower than the year-on-year growth of approximately 9.8% in 2018); while the total turnover of China's electronic information manufacturing enterprises (with annual revenue of above RMB20 million) increased by approximately 6.2% as compared to the corresponding period of the prior year (that is lower than the year-on-year growth of approximately 9.0% in 2018). Despite the slowdown of growth, as revealed by the above statistics, the electronic equipment industry of the PRC has still been able to maintain its overall growing momentum amidst the global economic uncertainties.

### *Securities investment*

With regard to the securities investment business, as advised by the Directors, the Group focuses its investment on high-tech companies listed in Hong Kong, especially the upstream and downstream enterprises having synergy effect with the Group's core SMT equipment manufacturing and related business. In 2018, Hong Kong's stock market continued to fluctuate and declined after surging at the beginning of the year. With reference to the 2018 Annual Report, given the poor market sentiment, the Group's investment income was not satisfactory, with the segment recording a full-year significant loss of approximately HK\$112.7 million as compared to a profit of approximately HK\$50.0 million in 2017. Attributable to such significant loss, the total revenue of the Group from continuing operation shrank substantially by approximately 71.0% in 2018 as compared to 2017, and the Group suffered from net loss of approximately HK\$122.6 million in 2018.



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## LETTER FROM VBG CAPITAL

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For the six months ended 30 June 2019, the share price of the securities which the Group invested in rebounded, thus the securities investment segment recorded a profit of approximately HK\$2.4 million. As extracted from the 2019 Interim Report and the 2018 Annual Report, the respective performance of the Group's securities investment for the six months ended 30 June 2019 and the year ended 31 December 2018 are as follows:

Name of investee	Total investment gain/ (loss) for the six months ended 30 June 2019 <i>(unaudited)</i> <i>HK\$'000</i>	Total investment gain/ (loss) for the year ended 31 December 2018 <i>(audited)</i> <i>HK\$'000</i>
Semiconductor Manufacturing International Corporation (stock code: 981)	11,981	(43,195)
Gome Finance Technology Co., Ltd. (stock code: 628)	33	(138)
Guodian Technology & Environment Group Corporation Limited (stock code: 1296)	(5)	(245)
Legend Holdings Corporation (stock code: 3396)	(9,561)	(69,454)
SMIT Holdings Limited (stock code: 2239)	Not applicable as the relevant securities had been disposed of in 2018	350
<b>Total</b>	<b>2,448</b>	<b>(112,682)</b>

All in all, it is noted that the electronic equipment industry of the PRC has still been able to maintain its overall growing momentum amidst the global economic uncertainties and the Group's SMT equipment manufacturing and related business has to a certain extent resisted the adverse impact caused by the slowdown of growth of the PRC's electronic equipment industry. Owing to the persistent effort on brand building and introduction of new SMT equipment of the Group, the profitability of the SMT equipment manufacturing and related business has even been enhanced substantially from around 11% for the six months ended 30 June 2017 to around 35% for the six months ended 30 June 2019 notwithstanding the relatively unfavourable market environment. On the other hand, the Group's securities investment business may have shown signs of improvement as it recorded a profit of approximately HK\$2.4 million for the six months ended 30 June 2019 as compared to a full-year significant loss of approximately HK\$112.7 million in 2018. We are of the view that the Group's securities investment business would likely to be affected by the general



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## LETTER FROM VBG CAPITAL

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performance of the Hong Kong stock market which is vulnerable to different worldwide factors owing to its openness. Nonetheless, given the solid foundation laid by the SMT equipment manufacturing and related business as the core of the Group's development, the Group's future prospects as a whole remains sceptical optimistic.

### **(3) Information on the Joint Offerors**

To provide Independent Shareholders with basic information on the background of the Joint Offerors, set out below is the key information on the Joint Offerors as extracted from the "Letter from CICC" of the Composite Document. For more details in relation to the Joint Offerors, Shareholders may refer to the section "Information on the Joint Offerors" in the "Letter from CICC".

Sino Xin Ding, one of the Joint Offerors, is a company incorporated in Hong Kong with limited liability on 24 February 2017. It is established for the purposes of investment holding and is wholly-owned by Shanghai Qingxin, a company held as to approximately 50.1% by UNIC Capital, as to approximately 28.0% by Shanghai SEMI Fund and as to approximately 21.9% by Zhanxing Fund.

UNIC Capital, the other Joint Offeror, is a company established in the PRC with limited liability on 27 July 2016 and is principally engaged in investment holding.

### **(4) Intentions of the Joint Offerors in relation to the Group**

To provide Independent Shareholders with information on the intentions of the Joint Offerors in relation to the Group, set out below is the Joint Offerors' intentions on the Group's business and Board composition as extracted from the "Letter from CICC" of the Composite Document:

#### *The Group's business*

It is the Joint Offerors' intention to acquire a majority interest in the Company pursuant to the Share Purchase Agreement and the Offer. The intention of the Joint Offerors is that the Company's existing principal activities, namely the manufacturing of SMT equipment and related business will be maintained and that the Joint Offerors will assist the Company in reviewing its business operations and financial position to seek for opportunities for streamlining the Company's resources and business structure by way of disposing of certain businesses outside of the existing principal activities of the Company and for expansion into other semiconductor-related businesses. Notwithstanding the above, the Joint Offerors had not identified any investment or business opportunities, nor had they entered into any discussions or negotiations with any third parties regarding the injections of assets or business into, or disposals of assets or business of the Group as at the Latest Practicable Date.

The Joint Offerors have no intention to introduce major changes to the existing operation and business of the Group, including any redeployment of fixed assets other than those in its ordinary course of business. Save for the proposed changes to the composition of the Board as mentioned below, the Joint Offerors have no plan to terminate the employment of any other employees or other personnel of the Group or introduce any significant changes to the management of the Group

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## LETTER FROM VBG CAPITAL

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following completion of the Offer. However, subject to the results of the review regarding the business and financial position of the Group, the Joint Offerors reserve the right to make any changes that they deem necessary or appropriate to the Group's businesses and operations to increase the value of the Group.

### *The Board composition*

As at the Latest Practicable date, the Board comprised three executive Directors, namely Mr. Zhang Yadong (Chairman), Mr. Xia Yuan (Chief Executive Officer) and Mr. Zheng Bo; two non-executive Directors, namely Mr. Li Zhongxiang (Vice Chairman) and Mr. Qi Lian; and three independent non-executive Directors, namely Mr. Cui Yuzhi, Mr. Bao Yi and Mr. Ping Fan.

In accordance with the Share Purchase Agreement, amongst the above existing Directors, Mr. Zhang Yadong (Chairman), Mr. Zheng Bo, Mr. Li Zhongxiang (Vice Chairman) and Mr. Qi Lian intend to resign at a date permitted under the Takeovers Code. The Joint Offerors intend to nominate new Directors after the close of the Offer and any such appointment will be made in compliance with the Takeovers Code and the Listing Rules. Please refer to the section headed "Proposed Change to the Board Composition of the Company" in the "Letter from CICC" for the biographical information of the new Directors proposed to be nominated by the Joint Offerors.

### **(5) The Offer Price**

#### *Offer Price comparison*

The Offer Price of HK\$1.01 per Offer Share represents:

- (a) a discount of approximately 30.34% to the closing price of HK\$1.450 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (b) a discount of approximately 40.59% to the closing price of HK\$1.700 per Share as quoted on the Stock Exchange on the date of the Joint Announcement;
- (c) a discount of approximately 41.00% to the average closing price of approximately HK\$1.712 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the date of the Joint Announcement;
- (d) a discount of approximately 40.41% to the average closing price of approximately HK\$1.695 per Share as quoted on the Stock Exchange for the last 30 consecutive trading days up to and including the date of the Joint Announcement;
- (e) a discount of approximately 41.85% to the average closing price of approximately HK\$1.737 per Share as quoted on the Stock Exchange for the last 90 consecutive trading days up to and including the date of the Joint Announcement; and
- (f) a premium of approximately 352.91% over the unaudited consolidated net asset value of approximately HK\$0.223 per Share as at 30 June 2019, the date to which the latest unaudited consolidated financial results of the Company were made up.

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## LETTER FROM VBG CAPITAL

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As illustrated above, the Offer Price represents deep discounts to the recent closing prices of the Shares on the Stock Exchange but premium over the latest unaudited net asset value per Share.

### *Historical price performance of the Shares*

Set out below is a chart showing the movement of the closing prices of the Shares on the Stock Exchange within the period from 1 August 2018 up to the Latest Practicable Date (the “**Review Period**”), being the approximate one-year period to illustrate the general trend and level of movement of the market Share price up to the Latest Practicable Date:



Source: the Stock Exchange website ([www.hkex.com.hk](http://www.hkex.com.hk))

### *Notes:*

- (1) Trading in the Shares was halted from 9.00 a.m. on 26 October 2018 to 1:00 p.m. on 29 October 2018 pending the release of an announcement pursuant to Rule 3.7 of the Takeovers Code.
- (2) Trading in the Shares was halted from 9.00 a.m. on 12 August 2019 to 9:00 a.m. on 13 August 2019 pending the release of an announcement pursuant to Rule 3.7 of the Takeovers Code.

For the sake of illustration, we divide the entire Review Period into the Pre-3.7 Announcement Period, i.e. (both days inclusive) from 1 August 2018 to 29 October 2018, being the date of the first announcement of the Company in relation to the Offer pursuant to Rule 3.7 of the Takeovers Code; (ii) the Pre-GO Announcement Period, i.e. (both days inclusive) from 30 October 2018 to 17 September 2019, being the date of the Joint Announcement; and (iii) the Post-GO Announcement Period, i.e. (both days inclusive) from 18 September 2019 to the Latest Practicable Date.

## LETTER FROM VBG CAPITAL

During the Pre-3.7 Announcement Period as well as the Pre-GO Announcement Period from August 2018 up to January 2019, the closing prices of the Shares on the Stock Exchange had been demonstrating an overall plummeting trend. The market Share price was at the highest of HK\$2.86 per Share on 1 August 2018, and dropped persistently to the lowest of HK\$1.57 per Share on 19 October 2018 and 22 January 2019, respectively. After reaching the floor, the closing prices of the Shares on the Stock Exchange rebounded and stayed at above HK\$2.00 per Share in general for three consecutive months from February 2019 to April 2019. We have enquired into the Directors regarding the possible reasons for such Share price recovery and the Directors advised us that they were not aware of any affirmative happenings which might have affected the Share price save for the publication of a few monthly progress announcements pursuant to Rule 3.7 of the Takeovers Code by the Company within the said months. Thereafter, the market Share prices moved generally downwards on the rest of the trading days during the Pre-GO Announcement Period but were still well above the Offer Price.

After publication of the Joint Announcement during the Post-GO Announcement Period, the closing prices of the Shares on the Stock Exchange had fluctuated between the range of HK\$1.45 per Share and HK\$1.75 per Share, and even so they were well above the Offer Price.

We noted that throughout the entire Review Period, despite times of fluctuations, the closing prices of the Shares on the Stock Exchange had been staying well above the Offer Price, with the lowest market Share price of HK\$1.45 per Share being at considerable premium of approximately 43.56% over the Offer Price. With this being the case, albeit the premium represented by the Offer Price over the unaudited net asset value per Share as at 30 June 2019 which is relatively remote as compared to the day-to-day market value of the Shares and is less representative given that the Group's principal business includes the sales of industrial products and securities investment, we are of the opinion that the Offer Price is unattractive and hence not fair and not reasonable.

### *Historical trading liquidity of the Shares*

The number of trading days, the average daily number of the Shares traded per month, and the respective percentages of the Shares' monthly trading volume as compared to (i) the total number of issued Shares held by the public as at the Latest Practicable Date; and (ii) the total number of issued Shares as at the Latest Practicable Date during the Review Period are tabulated as below:

Month	No. of trading days in each month	Average daily trading volume (the “Average Volume”) <i>Number of Shares</i>	% of the Average Volume to total number of issued Shares held by the public as at the Latest Practicable Date <i>(Note 3)</i>	% of the Average Volume to total number of issued Shares as at the Latest Practicable Date <i>(Note 4)</i>
<i>2018</i>				
August	23	449,913	0.10	0.03
September	19	355,579	0.08	0.02
October <i>(Note 1)</i>	20	432,600	0.09	0.03
November	22	216,000	0.05	0.01
December	19	147,684	0.03	0.01

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## LETTER FROM VBG CAPITAL

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Month	No. of trading days in each month	Average daily trading volume (the “Average Volume”) Number of Shares	% of the Average Volume to total number of issued Shares held by the public as at the Latest Practicable Date (Note 3) %	% of the Average Volume to total number of issued Shares as at the Latest Practicable Date (Note 4) %
<i>2019</i>				
January	22	164,364	0.04	0.01
February	17	2,494,950	0.53	0.17
March	21	644,215	0.14	0.04
April	19	323,526	0.07	0.02
May	21	227,143	0.05	0.02
June	19	1,365,947	0.29	0.09
July	22	513,523	0.11	0.04
August (Note 2)	21	288,095	0.06	0.02
September	21	524,286	0.11	0.04
2 October up to the Latest Practicable Date	7	299,429	0.06	0.02

Source: the Stock Exchange website ([www.hkex.com.hk](http://www.hkex.com.hk))

Notes:

- (1) Trading in the Shares was halted from 9.00 a.m. on 26 October 2018 to 1:00 p.m. on 29 October 2018 pending the release of an announcement pursuant to Rule 3.7 of the Takeovers Code.
- (2) Trading in the Shares was halted from 9.00 a.m. on 12 August 2019 to 9:00 a.m. on 13 August 2019 pending the release of an announcement pursuant to Rule 3.7 of the Takeovers Code.
- (3) Based on 468,170,580 Shares held by the public as at the Latest Practicable Date.
- (4) Based on 1,455,000,000 Shares in issue as at the Latest Practicable Date.

As depicted by the above table, trading in the Shares had been very thin (the Average Volume was generally below 0.50% of the total number of issued Shares held by the public as at the Latest Practicable Date) during the Review Period, save for February 2019. Taking into account that the Shares are highly illiquid, disposal of large block of Shares held by the Shareholders in the open market may trigger price slump of the Shares. We therefore anticipate that the Independent Shareholders (especially those with relatively sizeable shareholdings) may encounter difficulties in selling a significant number of Shares in the open market at a fixed cash price without disturbing the market price within a short period of time if the same trading pattern of the Shares persists during and shortly after the Offer Period. In such circumstance, we consider that the Offer provides an exit alternative for the Independent Shareholders who would like to realise their investments in the Shares.

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## LETTER FROM VBG CAPITAL

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Nevertheless, if any Independent Shareholders who would like to realise their investments in the Shares are able to dispose of their Shares in the open market and/or identify potential purchaser(s) to acquire their Shares at a price higher than the Offer Price, those Independent Shareholders may consider not accepting the Offer but selling their Shares in the open market and/or to such potential purchaser(s), as they wish to do so and as they think fit having regard to their own circumstances, in case the net proceeds from the sale of their Shares would exceed the net amount receivable under the Offer.

Furthermore, those Independent Shareholders who, after reading through the 2018 Annual Report, the 2019 Interim Report and the Composite Document, are optimistic about the future business and financial performance of the Group, may, having regard to their own circumstances, consider retaining all or any part of their Shares.

Accordingly, Independent Shareholders should closely monitor the market price and liquidity of the Shares during the Offer Period and carefully consider the relevant risks and uncertainties based on their individual risk preference and tolerance level. Those Independent Shareholders who decide to retain part or all of their investments in the Shares should also carefully monitor the financial performance of the Group as well as the intentions of the Joint Offerors in relation to the Company in the future, and the potential difficulties they may encounter in disposing of their investments in the Shares after the close of the Offer.

### *Comparison with other comparable companies*

Given that the trading multiples analysis is a commonly adopted valuation method in the market, to further assess the fairness and reasonableness of the Offer Price, we have attempted to search for Hong Kong listed companies which are (i) engaged in similar line of business as the Group's core development, i.e. the electronic equipment business, and generate over 70% of their revenues from such business; and (ii) with market capitalisation of between HK\$1,000 million and HK\$4,000 million in view of that the market capitalisation of the Company was approximately HK\$2,100 million as at the Latest Practicable Date ((i) and (ii) together, the "**Criteria**"). From the Stock Exchange website, there is no Hong Kong listed company which met the Criteria and the result is exhaustive. For this reason, we have extended our search to include companies which are listed on the Shenzhen Stock Exchange and the Shanghai Stock Exchange. We identified one comparable listed company which met the Criteria (the "**Comparable Company**"), and we consider the Comparable Company to be fair and exhaustive sample as it represents the entire list of comparable companies which met the Criteria. Nevertheless, given the extremely limited sample size, the Comparable Company may or may not be representative. Moreover, it should be noted that (i) the operations and prospects of the Comparable Company are not the same as the Company and we have not conducted any investigation into the businesses, operations and prospects of the Comparable Company; and (ii) it is a common market perception that A shares are generally traded at a higher price than the shares on the Stock Exchange. As such, the trading multiples analysis as highlighted below serves merely as an additional reference for Independent Shareholders when considering the Offer and is for illustrative purpose only.

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## LETTER FROM VBG CAPITAL

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Since the Company had been loss-making in the latest full financial year, the price to earnings ratio is inapplicable. The following table sets out (i) the price to book ratio (“P/B”) of the Comparable Company based on its closing share price as at the Latest Practicable Date and its latest published financial information; and (ii) the implied P/B of the Company based on the Offer Price and its latest published financial information:

Company name (Stock code)	Principal business	Market capitalisation based on closing price of shares as at the Latest Practicable Date	
		P/B (times)	(HK\$ million)
Shenzhen JT Automation Equipment Co., Ltd. (300400.sz)	Principally engaged in the R&D, production, sales and service of special equipment. The main products can be divided into electronic whole machine assembly equipment, photoelectric module production special equipment and aviation special manufacturing equipment.	6.08	3,600 (Note)
<b>The Company</b>	<b>The SMT equipment manufacturing and related business as the core development.</b>	<b>4.54</b>	<b>2,100</b>

Source: the Stock Exchange website (www.hkex.com.hk) and the website of Juchao Information\* (巨潮資訊網) (www.cninfo.com.cn/new/index)

Note: The market capitalisation of Shenzhen JT Automation Equipment Co., Ltd. is expressed in RMB (converted into HK\$ using the exchange rate of RMB1: HK\$1.1132) as the company is listed on the Shenzhen Stock Exchange.

As shown by the above table, the P/B of the Comparable Company is higher than the implied P/B of the Company based on the Offer Price. Nevertheless, Independent Shareholders should note that, as mentioned above, (i) comparison with the book value of the Company is less representative given that the Group’s principal business includes the sales of industrial products and securities investment; and (ii) due to the extremely limited sample size, the Comparable Company may or may not be representative, thus the aforesaid P/B analysis is for illustrative purpose only and we have not drawn our opinion in respect of the terms of the Offer based on the relevant result.

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## LETTER FROM VBG CAPITAL

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### RECOMMENDATION

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

- (i) as demonstrated under the section headed “Business and financial information on the Group” of this letter of advice, it is noted that the electronic equipment industry of the PRC has still been able to maintain its overall growing momentum amidst the global economic uncertainties and the Group’s SMT equipment manufacturing and related business has to a certain extent resisted the adverse impact caused by the slowdown of growth of the PRC’s electronic equipment industry. Owing to the persistent effort on brand building and introduction of new SMT equipment of the Group, the profitability of the SMT equipment manufacturing and related business has even been enhanced substantially from around 11% for the six months ended 30 June 2017 to around 35% for the six months ended 30 June 2019 notwithstanding the relatively unfavourable market environment. On the other hand, the Group’s securities investment business may have shown signs of improvement as it recorded a profit of approximately HK\$2.4 million for the six months ended 30 June 2019 as compared to a full-year significant loss of approximately HK\$112.7 million in 2018. We are of the view that the Group’s securities investment business would likely to be affected by the general performance of the Hong Kong stock market which is vulnerable to different worldwide factors owing to its openness. Nonetheless, given the solid foundation laid by the SMT equipment manufacturing and related business as the core of the Group’s development, the Group’s future prospects as a whole remains sceptical optimistic;
- (ii) it is the intention of the Joint Offerors to maintain the Company’s existing manufacturing of SMT equipment and related business, the future outlook of which as mentioned in point (i) above is expected to be positive; and
- (iii) throughout the entire Review Period, despite times of fluctuations, the closing prices of the Shares on the Stock Exchange had been staying well above the Offer Price, with the lowest market Share price of HK\$1.45 per Share being at considerable premium of approximately 43.56% over the Offer Price. With this being the case, the Offer Price is unattractive,

we consider that the terms of the Offer (including the Offer Price) are not fair and not reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders not to accept the Offer.

**However, we would also like to remind the Independent Board Committee to remind and we also remind the Independent Shareholders to closely monitor the market price and liquidity of the Shares during the Offer Period and consider accepting the Offer, instead of selling their Shares in the open market, where possible, if the net amount receivable under the Offer exceeds the net proceeds from such sales.**



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## LETTER FROM VBG CAPITAL

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In addition, given that the Shares are highly illiquid, disposal of large block of Shares held by the Shareholders in the open market may trigger price slump of the Shares. We therefore anticipate that the Independent Shareholders (especially those with relatively sizeable shareholdings) may encounter difficulties in selling a significant number of Shares in the open market at a fixed cash price without disturbing the market price within a short period of time, if the same trading pattern of the Shares persists during and shortly after the Offer Period. In such circumstance, Independent Shareholders who believe that they will be unable to sell the Shares in the open market at a price higher than the Offer Price because of their size of the shareholding may consider the Offer as a fall back exit route for their investments in the Shares.

Those Independent Shareholders who decide to retain part or all of their investments in the Shares should carefully monitor the intentions of the Joint Offerors in relation to the Company in the future and the potential difficulties they may encounter in disposing of their investments in the Shares after the close of the Offer. Further terms and conditions of the Offer are set out in the “Letter from CICC” of and Appendix I to the Composite Document.

As different Independent Shareholders would have different investment criteria, objectives and/or circumstances, we would recommend any Independent Shareholders who may require advice in relation to any aspect of the Composite 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 adviser.

Yours faithfully,  
For and on behalf of  
**VBG Capital Limited**  
**Doris Sing**  
*Deputy Managing Director*

*Ms. Doris Sing is a licensed person and responsible officer of VBG Capital Limited registered with the SFC to carry on Type 6 (advising on corporate finance) regulated activity under the SFO and has over 14 years of experience in corporate finance industry.*

*\* For illustrative purpose only*

**1. GENERAL PROCEDURES FOR ACCEPTANCE OF THE OFFER****THE OFFER**

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

- (a) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Share(s) is/are in your name, and you wish to accept the Offer, you must send the duly completed and signed Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof), by post or by hand, to the Registrar at Tricor Tengis Limited, Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong in an envelope marked "Unisplendour Technology (Holdings) Limited — Offer" to be received by the Registrar no later than 4:00 p.m. on the Closing Date or such later time and/or date as the Joint Offerors may determine and the Joint Offerors and the Company may jointly announce with the consent of the Executive in accordance with the Takeovers Code.
- (b) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in the name of a nominee company or a name other than your own, and you wish to accept the Offer in respect of your Shares, you must either:
  - (i) lodge your share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) with the nominee company, or other nominee, with instructions authorising it to accept the Offer on your behalf and requesting it to deliver the duly completed Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar; or
  - (ii) arrange for the Shares to be registered in your name by the Company through the Registrar, and send the duly completed Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar; or
  - (iii) if your Shares have been lodged with your licensed securities dealer/registered institution in securities/custodian bank through CCASS, instruct your licensed securities dealer/registered institution in securities/custodian bank to authorize HKSCC Nominees Limited to accept the Offer on your behalf on or before the deadline set by HKSCC Nominees Limited (which is normally one Business Day before the latest date on which acceptances of the Offer must be received by the

Registrar). In order to meet the deadline set by HKSCC Nominees Limited, you should check with your licensed securities dealer/registered institution in securities/custodian bank for the timing on processing of your instruction, and submit your instruction to your licensed securities dealer/ registered institution in securities/custodian bank as required by them; or

- (iv) if your Shares have been lodged with your investor participant's account maintained with CCASS, give your instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set by HKSCC Nominees Limited (which is normally one Business Day before the latest date on which acceptances of the Offer must be received by the Registrar).
- (c) If the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are not readily available and/or is/are lost and you wish to accept the Offer in respect of your Shares, the Form of Acceptance should nevertheless be completed and delivered to the Registrar together with a letter stating that you have lost one or more of your share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) or that it/they is/are not readily available. If you find such document(s) or if it/they become(s) available, the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) should be forwarded to the Registrar as soon as possible thereafter. If you have lost your share certificate(s), you should also write to the Registrar for a letter of indemnity which, when completed in accordance with the instructions given, should be returned to the Registrar.
- (d) If you have lodged transfer(s) of any of your Shares for registration in your name and have not yet received your share certificate(s), and you wish to accept the Offer in respect of your Shares, you should nevertheless complete the Form of Acceptance and deliver it to the Registrar together with the transfer receipt(s) duly signed by yourself. Such action will be deemed to be an irrevocable authority to CICC and/or the Joint Offerors or their respective agent(s) to collect from the Registrar on your behalf the relevant share certificate(s) when issued and to deliver such certificate(s) to the Registrar as if it was/they were delivered to the Registrar with the Form of Acceptance.
- (e) Acceptance of the Offer will be treated as valid only if the completed Form of Acceptance is received by the Registrar no later than 4:00 p.m. on the Closing Date or such later time and/or date as the Joint Offerors may determine and announce with the consent of the Executive in accordance with the Takeovers Code and the Registrar has recorded that the acceptance and the relevant documents as required under this paragraph have been so received, and is:
  - (i) accompanied by the relevant share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and, if the share certificate(s) is/are not in your name, such other documents in order to establish your right to become the registered holder of the relevant Shares; or

- (ii) from a registered Shareholder or his/her/its personal representative (but only up to the amount of the registered holding and only to the extent that the acceptance relates to Shares which are not taken into account under another sub-paragraph of this paragraph (e)); or
- (iii) certified by the Registrar or the Stock Exchange.
- (f) If the Form of Acceptance is executed by a person other than the registered Shareholder, appropriate documentary evidence of authority to the satisfaction of the Registrar must be produced.
- (g) Seller's ad valorem stamp duty for transfer of Shares registered in the seller's name by the Company through the Registrar arising in connection with acceptance of the Offer payable by the relevant Independent Shareholders at a rate of 0.1% of (i) the market value of the Offer Shares; or (ii) the consideration payable by the Joint Offerors in respect of the relevant acceptances of the Offer, whichever is higher, will be deducted from the cash amount payable by the Joint Offerors to such Independent Shareholders on acceptance of the Offer. The Joint Offerors will arrange for payment of the seller's ad valorem stamp duty on behalf of the relevant Independent Shareholders accepting the Offer and will pay the buyer's ad valorem stamp duty in connection with the acceptances of the Offer and the transfer of the Offer Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).
- (h) No acknowledgement of receipt of any Form of Acceptance, share certificate(s) and/ or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.

## **2. ACCEPTANCE PERIOD AND REVISIONS**

- (a) Unless the Offer has previously been revised or extended, with the consent of the Executive, in accordance with the Takeovers Code, the Form of Acceptance must be received by 4:00 p.m. on the Closing Date in accordance with the instructions printed on the relevant Form of Acceptance, and the Offer will be closed on the Closing Date.
- (b) The Joint Offerors and the Company will jointly issue an announcement in accordance with the Takeovers Code through the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([en.unistech.com.hk](http://en.unistech.com.hk)) no later than 7:00 p.m. on the Closing Date stating whether the Offer has been extended, revised or has expired.
- (c) In the event that the Joint Offerors decide to extend the Offer, at least 14 days' notice by way of announcement will be given, before the latest time and date for acceptance of the Offer, to those Independent Shareholders who have not accepted the Offer.
- (d) If the Joint Offerors revises the terms of the Offer, all Independent Shareholders, whether or not they have already accepted the Offer will be entitled to the revised terms. The revised Offer must be kept open for at least 14 days following the date on which the revised offer document is posted.

- (e) If the Closing Date of the Offer is extended, any reference in this Composite Document and in the Form of Acceptance to the Closing Date shall, except where the context otherwise requires, be deemed to refer to the Closing Date of the Offer so extended.

### **3. ANNOUNCEMENT**

- (a) As required under Rule 19 of the Takeovers Code, by 6:00 p.m. on the Closing Date (or such later time and/or date as the Executive may in exceptional circumstances permit), the Joint Offerors must inform the Executive and the Stock Exchange of its decision in relation to the revision, extension or expiry of the Offer. The Joint Offerors must publish an announcement in accordance with the requirements of the Takeovers Code by 7:00 p.m. on the Closing Date stating whether the Offer has been extended, revised or has expired. Such announcement must state the following:
  - (i) the total number of Shares for which acceptances of the Offer have been received;
  - (ii) the total number of Shares held, controlled or directed by the Joint Offerors and parties acting in concert with them (including Shanghai SEMI Fund and Zhanxing Fund) before the Offer Period;
  - (iii) the total number of Shares acquired or agreed to be acquired by the Joint Offerors and parties acting in concert with them (including Shanghai SEMI Fund and Zhanxing Fund) during the Offer Period;
  - (iv) details of any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Joint Offerors and parties acting in concert with them (including Shanghai SEMI Fund and Zhanxing Fund) have borrowed or lent, save for any borrowed securities which have been either on-lent or sold; and
  - (v) the percentages of the relevant classes of issued share capital of the Company and the percentages of voting rights of the Company represented by these numbers.
- (b) In computing the total number of Shares represented by acceptances, only valid acceptances in complete and good order and which have been received by the Registrar no later than 4:00 p.m. on the Closing Date, being the latest time and date for acceptance of the Offer, shall be included.
- (c) As required under the Takeovers Code and the Listing Rules, any announcement in relation to the Offer will be published on the website of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk)) and the website of the Company ([en.unistech.com.hk](http://en.unistech.com.hk))

**4. NOMINEE REGISTRATION**

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

**5. RIGHT OF WITHDRAWAL**

- (a) Acceptance of the Offer tendered by the Independent Shareholders shall be irrevocable and cannot be withdrawn, except in the circumstances set out in subparagraph (b) below.
- (b) If the Joint Offerors are unable to comply with the requirements set out in paragraph 3 of this appendix headed “Announcement” above, the Executive may require pursuant to Rule 19.2 of the Takeovers Code that the Independent Shareholders who have tendered acceptance of the Offer, be granted a right of withdrawal on terms that are acceptable to the Executive until the requirement of Rule 19 of the Takeovers Code can be met.

In such case, when the Independent Shareholders withdraw their acceptance(s), the Joint Offerors shall, as soon as possible but in any event within 10 days thereof, return by ordinary post the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) lodged with the Form(s) of Acceptance to the relevant Independent Shareholder(s).

**6. SETTLEMENT OF THE OFFER**

Provided that the accompanying Form of Acceptance for the Shares, together with the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) are valid, complete and in good order and have been received by the Registrar no later than 4:00 p.m. on the Closing Date, a cheque for the amount due to each of the accepting Independent Shareholders in respect of the Shares tendered under the Offer (less seller’s ad valorem stamp duty payable by him/her/it) will be despatched to the accepting Independent Shareholders by ordinary post at his/her/its own risk as soon as possible but in any event within seven Business Days from the date of receipt of all relevant documents to render such acceptance complete and valid by the Registrar in accordance with the Takeovers Code.

Settlement of the consideration to which any accepting Independent Shareholder is entitled under the Offer will be paid by the Joint Offerors in full in accordance with the terms of the Offer (save in respect of the payment of seller’s ad valorem stamp duty, as the case may be) set out in this Composite Document (including this appendix) and the accompanying Form of Acceptance, without regard to any lien, right of set-off, counterclaim or other analogous right to which the Joint Offerors may otherwise be, or claim to be, entitled against such Independent Shareholder.

**7. OVERSEAS SHAREHOLDERS**

The availability of the Offer to persons who are not residents in Hong Kong may be affected by the laws of the relevant overseas jurisdictions. The making of the Offer to the Independent Shareholders whose registered addresses are in jurisdictions outside Hong Kong may be prohibited or affected by the laws or regulations of the relevant jurisdictions. Such Independent Shareholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should observe relevant applicable legal or regulatory requirements and, where necessary, seek legal advice. It is the responsibility of the individual Independent Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offer (including the obtaining of any regulatory or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due in respect of such jurisdictions).

**8. HONG KONG STAMP DUTY AND TAX IMPLICATIONS**

Seller's ad valorem stamp duty at a rate of 0.1% of the market value of the Offer Shares or consideration payable by the Joint Offerors in respect of the relevant acceptances of the Offer, whichever is higher, will be deducted from the amount payable to the relevant Shareholder on acceptance of the Offer. The Joint Offerors will arrange for payment of the seller's ad valorem stamp duty on behalf of accepting Shareholders and pay the buyer's ad valorem stamp duty in connection with the acceptance of the Offer and the transfer of the Offer Shares.

**9. GENERAL**

- (a) All communications, notices, Form of Acceptance, share certificates, transfer receipts and other documents of title and/or of indemnity and/or of any other nature to be delivered by or sent to or from the Independent Shareholders will be delivered by or sent to or from them, or their designated agents, by ordinary post at their own risk, and none of the Company, the Joint Offerors, CICC, VBG Capital and any of their respective ultimate beneficial owners, directors, officers, agents or associates nor the Registrar or any other person involved in the Offer accepts any liability for any loss in postage or any other liabilities whatsoever which may arise as a result thereof.
- (b) Acceptance of the Offer by any person or persons will be deemed to constitute a warranty by such person or persons to the Joint Offerors and CICC that the Shares tendered under the Offer are sold by such person or persons free from any Encumbrance and together with all rights and entitlements attaching or accruing thereto including, without limitation, the right to receive all dividends and other distributions, if any, the record date of which is on or after the date on which the Offer is made (i.e. the date of the despatch of the Composite Document). For the avoidance of doubt, neither HKSCC or HKSCC Nominees Limited will give, or be subject to, any of the above representation and warranty.
- (c) Acceptance of the Offer by any nominee will be deemed to constitute a warranty by such nominee to the Joint Offerors that the number of Shares in respect of which it is indicated in the Form of Acceptance is the aggregate number of Shares held by such nominee for such beneficial owners who accept the Offer.



- (d) The provisions set out in the accompanying Form of Acceptance form part of the terms of the Offer.
- (e) The accidental omission to despatch this Composite Document and/or the accompanying Form of Acceptance or either of them to any person to whom the Offer is made shall not invalidate the Offer in any way.
- (f) The Offer and all acceptances will be governed by and construed in accordance with the laws of Hong Kong.
- (g) Due execution of the Form of Acceptance will constitute an authority to the Joint Offerors, CICC and/or such person or persons as any of them may direct to complete and execute any document on behalf of the person accepting the Offer, and to do any other act that may be necessary or expedient for the purpose of vesting in the Joint Offerors, or such person or persons as it may direct the Shares in respect of which such person has accepted the Offer.
- (h) The Offer is made in accordance with the Takeovers Code.
- (i) References to the Offer in this Composite Document and in the Form of Acceptance shall include any extension and/or revision thereof.
- (j) In making their decision, the Independent Shareholders must rely on their own examination of the Joint Offerors, the Group and the terms of the Offer, including the merits and risks involved. The contents of this Composite Document, including any general advice or recommendation contained herein together with the Form of Acceptance, shall not be construed as any legal or business advice on the part of the Company, the Joint Offerors and parties acting in concert with each of them (including Shanghai SEMI Fund and Zhanxing Fund), CICC, VBG Capital, the Registrar or any of their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Offer. The Independent Shareholders should consult their own professional advisers for professional advice.
- (k) Unless otherwise expressly stated in this Composite Document and/or the Form of Acceptance, no person other than the Joint Offerors and the accepting Independent Shareholders may enforce any terms of the Offer that will arise out of complete and valid acceptances under the Contracts (Rights of Third Parties) Ordinance, Chapter 623 of the Laws of Hong Kong.
- (l) The English text of this Composite Document and of the accompanying Form of Acceptance shall prevail over their respective Chinese texts for the purpose of interpretation in case of inconsistency.



## 1. SUMMARY OF FINANCIAL INFORMATION OF THE GROUP

Set out below is a summary of the audited consolidated financial results of the Group for the nine months ended 31 December 2016 and each of the financial years ended 31 December 2017 and 2018, respectively, as extracted from the relevant published financial statements of the Group for the relevant years, and the unaudited consolidated financial results of the Group for the six months ended 30 June 2018 and 2019 as extracted from the published interim report of the Company dated 6 September 2019.

	For the six months ended 30 June 2019 (unaudited) HK\$'000	For the six months ended 30 June 2018 (unaudited) HK\$'000	For the year ended 31 December 2018 (Note 2) (audited) HK\$'000	For the year ended 31 December 2017 (Note 2) (audited) HK\$'000	For the nine months ended 31 December 2016 (Note 1) (audited) HK\$'000
<b>RESULTS</b>					
<b>Revenue</b>	95,777	30,549	71,430	246,029	268,360
Cost of sales	(60,436)	(72,817)	(127,992)	(174,848)	(306,109)
<b>Gross profit/(loss)</b>	35,341	(42,268)	(56,562)	71,181	(37,749)
Other (loss)/income	(1,085)	2,132	3,868	2,634	2,927
Other gains/(losses), net	9,870	2,761	9,703	(8,004)	(640)
Distribution costs	(15,801)	(18,832)	(37,380)	(33,987)	(58,972)
Administrative costs	(23,468)	(32,816)	(64,295)	(71,323)	(144,361)
Reversal of impairment of receivables	—	—	14,157	25,055	—
Operating profit/(loss)	4,857	(89,023)	(130,509)	(14,444)	(238,795)
Finance income	258	5,049	201	1,999	5,475
Finance costs	(8,829)	(5,905)	(13,301)	(11,092)	(6,340)
Finance costs, net	(8,571)	(856)	(13,100)	(9,093)	(865)
Share of operating results of associates	—	—	187	(6)	—
Gains/(losses) from change in fair value of convertible bonds	—	—	—	78,405	(341,812)
<b>(Loss)/profit before income tax</b>	(3,714)	(89,879)	(143,422)	54,862	(581,472)
Income tax (expense)/credit	(404)	12,442	20,822	(5,558)	(21,679)
<b>(Loss)/profit of continuing operation for the period/year attributable to equity holders of the Company</b>	—	—	(122,600)	49,304	—
(Loss)/profit of terminated operation for the period/year	—	—	(319)	2,265	—
<b>(Loss)/profit for the period/year attributable to equity holders of the Company</b>	(4,118)	(77,437)	(122,919)	51,569	(603,151)

	For the six months ended 30 June 2019 <i>(unaudited)</i> HK\$'000	For the six months ended 30 June 2018 <i>(unaudited)</i> HK\$'000	For the year ended 31 December 2018 <i>(Note 2)</i> <i>(audited)</i> HK\$'000	For the year ended 31 December 2017 <i>(Note 2)</i> <i>(audited)</i> HK\$'000	For the nine months ended 31 December 2016 <i>(Note 1)</i> <i>(audited)</i> HK\$'000
<b>Other comprehensive (expense)/income:</b>					
<i>Items that will not be reclassified subsequently to profit or loss</i>					
Surplus on revaluation of properties	—	—	1,448	10,327	2,651
Deferred tax relating to revaluation surplus	—	—	23	(2,222)	(407)
<i>Item that may be reclassified subsequently to profit or loss</i>					
Exchange differences on translation of foreign operations	(164)	(4,052)	(13,009)	20,729	(14,548)
<b>Other comprehensive income for the period/year, net of tax</b>	(164)	(4,052)	(11,538)	(28,834)	(12,304)
<b>Total comprehensive (loss)/income for the period/year</b>	(4,282)	(81,489)	(134,457)	80,403	(615,455)
Total comprehensive (loss)/income for the period/year attributable to:					
equity holders of the Company	(4,282)	(81,489)	(134,457)	80,403	(615,455)
 (Loss)/earnings per share:					
<b>Basic</b>	(0.28) cents	(5.32) cents	(8.45) cents	3.54 cents	(44.24) cents
From continuing operation	—	—	(8.43) cents	3.38 cents	—
From terminated operation	—	—	(0.02) cents	0.16 cents	—
<b>Diluted</b>	(0.28) cents	(5.32) cents	(8.45) cents	(1.06) cents	(44.24) cents
From continuing operation	—	—	(8.43) cents	(1.18) cents	—
From terminated operation	—	—	(0.02) cents	0.12 cents	—
 Dividends	—	—	—	—	—

*Notes*

- On 29 June 2016, the Company announced that the financial year end date of the Company was changed from 31 March to 31 December commencing from the financial period ended 31 December 2016. Accordingly, the financial periods cover the twelve-month period from 1 January 2017 to 31 December 2017, and the comparative period of the nine months from 1 April 2016 to 31 December 2016, and the information of the comparative periods are not directly comparable.
- In September 2018, Unis Si-Cloud Financial Leasing Co., Ltd., which was mainly engaged in finance lease and factoring business, ceased to be a subsidiary of the Company and ceased to be consolidated into the consolidated financial statements of the Company. With reference to the 2018 annual report, the results of finance lease and factoring business for the year ended 31 December 2018 and the year ended 31 December 2017 have been classified/re-stated as terminated operation of the Group.

The Group did not record any non-controlling interests for the nine months ended 31 December 2016 and each of the years ended 31 December 2017 and 2018, and the six months ended 30 June 2019.

The auditors of the Company for the nine months ended 31 December 2016 and each of the two years ended 31 December 2018 and were PricewaterhouseCoopers, did not issue any qualified or modified opinion (including emphasis of matter, adverse opinion and disclaimer of opinion) on the consolidated financial statements of the Group for the nine months ended 31 December 2016 and each of the two years ended 31 December 2018.

There were no items of any income or expense which was material in respect of the consolidated financial results of the nine months ended 31 December 2016 and each of the years ended 31 December 2017 and 2018.

## 2. CONSOLIDATED FINANCIAL STATEMENTS

The Company is required to set out or refer to in this Composite Document the consolidated statement of financial position, consolidated statement of cash flows and any other primary statement as shown in (i) the unaudited consolidated financial statements of the Group for the six months ended 30 June 2019 (the “**2019 Interim Financial Statements**”) and (ii) the audited consolidated financial statements of the Group for the year ended 31 December 2018 (the “**2018 Financial Statements**”), together with the notes to the relevant published accounts which are of major relevance to the appreciation of the above financial information.

The 2019 Interim Financial Statements are set out from page 3 to page 19 in the Interim Report 2019 of the Company, which was published on 6 September 2019. The Interim Report 2019 is posted on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://en.unistech.com.hk/>), and is accessible via the following hyperlink:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0906/ltn20190906125.pdf>

The 2018 Financial Statements are set out from page 56 to page 147 in the Annual Report 2018 of the Company, which was published on 26 April 2018. The Annual Report 2018 is posted on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://en.unistech.com.hk/>), and is accessible via the following hyperlink:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0426/ltn20190426749.pdf>

The 2019 Interim Financial Statements and the 2018 Financial Statements (but not any other part of the Interim Report 2019 or Annual Report 2018 in which they respectively appear) are incorporated by reference into this Composite Document and form part of this Composite Document.

### 3. INDEBTEDNESS

#### Borrowings and Mortgages

At the close of business on 31 July 2019, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this Composite Document, the Group had aggregate outstanding bank borrowings of approximately HK\$91.00 million which were guaranteed by a subsidiary of the Group and secured by a property of the Group located at Fuyong Street, Baoan District, Shenzhen.

At the close of business on 31 July 2019, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this Composite Document, the Group pledged its property (the “**Mortgage**”) as for a total of HK\$80.00 million bank facility of the Group. At the close of business on 31 July 2019, such bank facility has been cancelled, but the release of the Mortgage is still in the process.

#### Lease Liabilities

As at the close of business on 31 July 2019, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this Composite Document, the Group had lease liabilities from an independent bank of approximately HK\$0.25 million.

#### Convertible Bonds

As at close of business on 31 July 2019, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this Composite Document, the liability component of the unsecured and unguaranteed convertible bonds issued by the Company with an aggregate principal sum of HK\$148.00 million is approximately HK\$125.00 million.

Save as aforesaid and apart from intra-group liabilities and normal trade payables in the normal course of business, at the close of business on 31 July 2019, the Group did not have any 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.

### 4. MATERIAL CHANGE

The Directors confirm that, save for the following changes, there has been no material change in the financial or trading position or outlook of the Group since 31 December 2018, being the date to which the latest published audited consolidated financial statements of the Group were made up, up to and including the Latest Practicable Date:

- (i) the unaudited loss for the period attributable to equity holders of the Company of approximately HK\$4.12 million recorded by the Group for the six months ended 30 June 2019 as set out in the interim report of the Company dated 6 September 2019, which is substantially less than the unaudited loss for the period attributable to equity holders of the

Company of approximately HK\$77.4 million recorded by the Group for the six months ended 30 June 2018. Such decrease in loss is mainly attributable to a floating profit of approximately HK\$2.4 million (for the six months ended 30 June 2018: a floating loss of approximately HK\$75.4 million) recorded by the securities investment segment which was caused by the fluctuation of the stock market; and

- (ii) the unaudited total borrowings of approximately HK\$91.0 million recorded by the Group as at 30 June 2019 as set out in the interim report of the Company dated 6 September 2019, which is substantially higher than the audited total borrowings of approximately HK\$68.5 million recorded by the Group as at 31 December 2018. Such increase in borrowings is attributable to the additional bank borrowings obtained by the Group net of the amount the Group repaid during the first half of 2019.

**1. RESPONSIBILITY STATEMENTS**

The directors of each of the Joint Offerors jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than the information relating to the Group), and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than the opinion expressed by the Group or the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement contained in this Composite Document misleading.

**2. MARKET PRICES**

The table below sets out the closing prices of the Shares on the Stock Exchange on (i) the last day on which trading took place in each of the calendar months during the Relevant Period; (ii) the last trading day prior to the commencement of the Offer Period; (iii) the Last Trading Day; and (iv) the Latest Practicable Date:

	<b>Closing price</b> (HK\$)
30 April 2018	3.91
31 May 2018	3.72
29 June 2018	3.14
31 July 2018	2.88
31 August 2018	2.09
28 September 2018	2.10
25 October 2018 (being the last trading day prior to the commencement of the Offer Period)	1.77
31 October 2018	1.77
30 November 2018	1.83
31 December 2018	1.65
31 January 2019	1.77
28 February 2019	2.34
29 March 2019	2.08
30 April 2019	1.88
31 May 2019	1.74
30 June 2019	1.79
31 July 2019	1.80
16 September 2019 (being the Last Trading Day)	1.72
11 October 2019 (being the Latest Practicable Date)	1.45

During the Relevant Period, the highest closing price of the Shares as quoted on the Stock Exchange was HK\$3.99 per Share on 4 May 2018 and the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$1.45 per Share on 9 October 2019 and 11 October 2019.

### **3. DISCLOSURE OF INTERESTS**

#### **Interests of the Joint Offerors and parties acting in concert with them in the Shares**

As at the Latest Practicable Date, details of interests in the Shares, underlying Shares, debentures or other relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Company held or controlled by the Joint Offerors and parties acting in concert with them (including Shanghai SEMI Fund and Zhanxing Fund) were as follows:

	<b>Capacity</b>	<b>Number of Shares held/interested</b>	<b>Approximate % of interest</b>
Sino Xin Ding	Beneficial interest	986,829,420 Shares (L)	67.82
Shanghai Qingxin <sup>(2)</sup>	Interest in a controlled corporation	986,829,420 Shares (L)	67.82
UNIC Capital <sup>(3)</sup>	Interest in a controlled corporation	986,829,420 Shares (L)	67.82

*Notes:*

1. The letter “L” denotes long position in the Shares.
2. Sino Xin Ding is wholly-owned by Shanghai Qingxin. Under the SFO, Shanghai Qingxin is deemed to be interested in the full amount of Shares held by Sino Xin Ding.
3. Shanghai Qingxin is a company held as to 50.1% by UNIC Capital, as to 28.0% by Shanghai SEMI Fund and as to 21.9% by Zhanxing Fund. Under the SFO, UNIC Capital is deemed to be interested in the full amount of Shares indirectly held by Shanghai Qingxin.

Save as disclosed above, as at the Latest Practicable Date, none of the Joint Offerors, their directors and parties acting in concert with them (including Shanghai SEMI Fund and Zhanxing Fund) had any interest in the relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Company.

### **4. ADDITIONAL DISCLOSURE OF INTERESTS**

As at the Latest Practicable Date:

- (a) save for the Sale Shares indirectly interested in by Tsinghua Unigroup, the Convertible Bonds held by the Vendor and holdings of Shares held by the CICC group on behalf of non-discretionary investment clients, the Joint Offerors and parties acting in concert with any of the Joint Offerors (including Shanghai SEMI Fund and Zhanxing Fund) did not own, control or have direction over any voting rights in any Shares nor own, control or have direction over any other rights or interests in the issued share capital or voting rights of the Company;

- (b) there were no outstanding derivatives in respect of the securities in the Company which is owned, controlled or directed by, or has been entered into by, the Joint Offerors or parties acting in concert with any of the Joint Offerors (including Shanghai SEMI Fund and Zhanxing Fund);
- (c) save for the Share Purchase Agreement and the Irrevocable Undertakings, there was no arrangement (whether by way of option, indemnity or otherwise) of any kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the shares of the Joint Offerors or the Company and which might be material to the Offer;
- (d) save for the Irrevocable Undertakings, the Joint Offerors, their respective ultimate beneficial owners and parties acting in concert with them (including Shanghai SEMI Fund and Zhanxing Fund) had not received any irrevocable commitment to accept or reject the Offer;
- (e) there was no agreement or arrangement to which any of the Joint Offerors is a party which relates to the circumstances in which the Joint Offerors may or may not invoke or seek to invoke a precondition or a condition to the Offer;
- (f) there were no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Joint Offerors and parties acting in concert with any of the Joint Offerors (including Shanghai SEMI Fund and Zhanxing Fund) had borrowed or lent;
- (g) no benefit (other than statutory compensation) was or would be given to any Directors as compensation for loss of office or otherwise in connection with the Offer;
- (h) save as disclosed in the paragraph headed “Proposed Change to the Board Composition of the Company” under the section headed “Letter from CICC”, no agreement, arrangement or understanding (including any compensation arrangement) existed between any of the Joint Offerors, their respective directors or any persons acting in concert with them (including Shanghai SEMI Fund and Zhanxing Fund) and any Directors, recent Directors, Shareholders or recent Shareholders having any connection with or was dependent upon the Offer;
- (i) save for the Shares acquired in pursuance of the Offer which will be pledged by Sino Xin Ding in favour of China Merchants Bank Co., Ltd., Shanghai Zhangjiang Sub-branch within 30 days after the date on which the consideration payable under the Offer, the Joint Offerors had no intention, nor had any of them entered into any agreement, arrangement or understanding to transfer, charge or pledge the Shares acquired in pursuance of the Offer to any other persons;
- (j) save for the consideration for the Share Purchase Agreement, there was no other consideration, compensation or benefits in whatever form provided (or to be provided) by the Joint Offerors or parties acting in concert with any of the Joint Offerors (including Shanghai SEMI Fund and Zhanxing Fund but excluding the Vendor) to the Vendor and parties acting in concert with it (excluding the Joint Offerors);



- (k) there was no understanding, arrangement or agreement which constitutes a special deal between the Joint Offerors, their ultimate beneficial owners or their respective concert parties (including Shanghai SEMI Fund and Zhanxing Fund) on one hand and the Vendor and its concert parties on the other hand; and
- (l) save for the Irrevocable Undertakings, there was no understanding, arrangement or agreement or special deal between any Shareholder and the Joint Offerors, their ultimate beneficial owners and/or their respective concert parties (including Shanghai SEMI Fund and Zhanxing Fund).

## 5. DEALINGS IN SECURITIES AND OTHER ARRANGEMENTS

During the Relevant Period:

- (a) save for the acquisition of Sale Shares under the Share Purchase Agreement and certain dealings in the Shares on behalf of non-discretionary investment clients of the CICC group, none of the Joint Offerors, their respective directors or parties acting in concert with them (including Shanghai SEMI Fund and Zhanxing Fund) had dealt in any Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company; and
- (b) the Vendor, Ms. Chen, Reach General, Mr. But, Sun East, Sum Win and Mind Seekers who had irrevocably committed themselves to reject the Offer pursuant to the Irrevocable Undertakings, had not dealt in any Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company.

## 6. CONSENTS AND QUALIFICATIONS

The following is the name and qualification of the professional adviser whose letters, opinions or advice are contained or referred to in this Composite Document:

Name	Qualification
CICC	a corporation licensed to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the financial adviser to the Joint Offerors in respect of the Offer

CICC has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion of the text of its letter and/or report and the references to its name in the form and context in which they appear herein.

**7. MISCELLANEOUS**

- (a) As at the Latest Practicable Date, the directors of UNIC Capital were Mr. YUAN Yipei, Mr. DU Yang, Mr. WANG Gang, Mr. WANG Huixuan and Mr. ZHANG Yadong. The registered office of UNIC Capital is situated at Room 211, Building 14, Dongshahu Equity Investment Centre, 183 Suhong East Road, Suzhou Industrial District, the PRC.
- (b) As at the Latest Practicable Date, the directors of Sino Xin Ding were Mr. YUAN Yipei and Mr. ZHANG Peng. Sino Xin Ding is wholly-owned by Shanghai Qingxin, a company held as to 50.1% by UNIC Capital, as to 28.0% by Shanghai SEMI Fund and as to 21.9% by Zhanxing Fund. The registered office of Sino Xin Ding is situated at 9/F., MW Tower, No. 111 Bonham Strand, Sheung Wan, Hong Kong.
- (c) The registered office of CICC is situated at 29th Floor, One International Financial Centre, 1 Harbour View Street, Central, Hong Kong.

**8. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection (i) on the website of the SFC ([www.sfc.hk](http://www.sfc.hk)); and (ii) the Company's website ([en.unistech.com.hk](http://en.unistech.com.hk)) during the period from the date of this Composite Document up to and including the Closing Date:

- (a) the articles of association of Sino Xin Ding;
- (b) the articles of association of UNIC Capital;
- (c) the letter from CICC as set out on pages 8 to 24 of this Composite Document; and
- (d) the written consents of the experts as referred to under the section headed "5. Consents and Qualifications" in this appendix.

## 1. RESPONSIBILITY STATEMENT

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than the information relating to the Joint Offerors and parties acting in concert with them (including Shanghai SEMI Fund and Zhanxing Fund, but excluding for this purpose, the Group)), and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than the opinion expressed by the Joint Offerors or the directors of the Joint Offerors) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement contained in this Composite Document misleading.

## 2. SHARE CAPITAL

As at the Latest Practicable Date, the authorised and issued share capital of the Company were as follows:

	Number of Shares	Amount
<b>Authorised share capital:</b>		
Ordinary Shares of HK\$0.1 each	2,000,000,000 Shares	HK\$200,000,000
<b>Issued and fully paid:</b>		
Ordinary Shares of HK\$0.1 each	1,455,000,000 Shares	HK\$145,500,000

All the existing issued Shares are fully paid up or credited as fully paid and rank pari passu in all respects with each other, including all rights in respect of capital, dividends and voting.

The Company has not issued any Shares since 31 December 2018, being the end of the last financial year of the Company.

As at the Latest Practicable Date, the Company had outstanding convertible bonds in an aggregate principal amount of HK\$148,000,000 convertible into 370,000,000 Shares at a conversion price of HK\$0.40 per Share held by Unis Technology.

## 3. INTERESTS IN AND DEALINGS IN SECURITIES OF THE JOINT OFFERORS

As at the Latest Practicable Date, neither the Company nor any of its Directors had any interest in the equity share capital of the Joint Offerors or convertible securities, warrants, options or derivatives in respect of the equity share capital of the Joint Offerors.

During the Relevant Period, neither the Company nor any of its Directors had dealt for value in the equity share capital of the Joint Offerors or convertible securities, warrants, options or derivatives in respect of the equity share capital of the Joint Offerors.

#### 4. DISCLOSURE OF INTERESTS

##### (i) Interests and short positions of Directors in the Company

As at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interest and short position in the shares, underlying shares and debentures of the Company which were required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which the Directors or chief executive of the Company were taken or deemed to have under such provisions of the SFO); (ii) entered in the register kept by the Company pursuant to Section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules.

##### (ii) Interest of substantial shareholders in the Company

As at the Latest Practicable Date, according to the register kept by the Company pursuant to section 336 of the SFO and, so far as is known to the Directors, the following persons (other than a Director or chief executive of the Company) had, or were deemed or taken to have interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of shareholder	Capacity	Number of Shares held	Approximate percentage of the issued share capital of the Company
Sino Xin Ding	Beneficial owner	986,829,420 (L) <sup>(Note 4)</sup>	67.82
UNIC Capital <sup>(Note 1)</sup>	Interest of controlled corporation	986,829,420 (L) <sup>(Note 4)</sup>	67.82
Chen Ping	Beneficial owner	100,000,000 (L) <sup>(Note 4)</sup>	6.87
Reach General <sup>(Note 2)</sup>	Beneficial owner	94,460,000 (L) <sup>(Note 4)</sup>	6.49
But Tin Fu <sup>(Note 3)</sup>	Beneficial owner/ interest of controlled corporation	87,783,168 (L) <sup>(Note 4)</sup>	6.03

*Notes:*

1. UNIC Capital is the only controlling shareholder of Sino Xin Ding with a majority shareholding therein and is deemed to have an interest in the Shares held by Sino Xin Ding under Part XV of the SFO.
2. Reach General is 100% beneficially owned by Mr. Wu Xin.

3. Mr. But is interested in 87,783,168 Shares, comprising (a) 37,525,200 Shares directly held by Mr. But, (b) 3,796,000 Shares directly held by Sun East which is owned as to 50% by Mr. But and 50% by Ms. Leung Hau Sum, who is the wife of Mr. But, (c) 2,424,800 Shares directly held by Sum Win which is wholly owned by Mr. But and (d) 44,037,168 Shares directly held by Mind Seekers which is wholly owned by Mr. But.
4. The letter “L” denotes long position in the Shares.

Save as disclosed above, the Directors and the chief executive of the Company are not aware of any person (other than a Director or chief executive of the Company) who, as at the Latest Practicable Date, had an interest or short position in the Shares and underlying Shares which fell to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

## **5. DEALINGS IN SECURITIES OF THE COMPANY**

During the Relevant Period, none of the Directors had dealt for value in any Shares or any convertible securities, warrants, options or derivatives issued by the Company.

As at the Latest Practicable Date:

- (a) none of the Directors had any interests in any Shares or any convertible securities, warrants, options or derivatives issued by the Company, and no such person had dealt in any Shares or any convertible securities, warrants, options or derivatives issued by the Company during the Relevant Period;
- (b) no Shares or any convertible securities, warrants, options or derivatives issued by the Company was owned or controlled by a subsidiary of the Company or by a pension fund (if any) of any member of the Group or by 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 under the Takeovers Code or who is an “associate” of the Company by virtue of class (2) of the definition of “associate” under the Takeovers Code but excluding exempt principal traders and exempt fund managers or by the Independent Financial Adviser, and no such person had dealt in the Shares or any convertible securities, warrants, options or derivatives issued by the Company during the Relevant Period;
- (c) no Shares or any convertible securities, warrants, options or derivatives issued by the Company was owned or controlled by a person who has an arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code existed between the Company, or any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) or (5) of the definition of acting in concert or who is an associate of the Company by virtue of classes (2), (3) and (4) of the definition of “associate” under the Takeovers Code, and any other person; and no such person had dealt in the Shares or any convertible securities, warrants, options or derivatives issued by the Company during the Relevant Period;
- (d) no Shares or any convertible securities, warrants, options or derivatives issued by the Company was managed on a discretionary basis by fund managers (other than exempted fund managers) (if any) connected with the Company, and no such person had dealt in the Shares or any convertible securities, warrants, options or derivatives issued by the Company during the Relevant Period; and

- (e) none of the Company nor any of its Directors had borrowed or lent any Shares or any convertible securities, warrants, options or derivatives issued by the Company during the Relevant Period.

## **6. LITIGATION**

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

## **7. MATERIAL CONTRACTS**

The following contract (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Group) had been entered into by the members of the Group within two years immediately preceding the date of commencement of the Offer Period and up to the Latest Practicable Date which are or may be material:

- The capital increase agreement dated 2 May 2018 entered into by and among Unisplendour Investment Holding Co. Limited, Sino IC Leasing and Unisplendour Si-Cloud Financial Leasing Co., Ltd.\* (紫光芯雲融資租賃有限公司) (“**Unis Si-Cloud**”) in relation to the conditional subscription for the additional registered capital of Unis Si-Cloud by Sino IC Leasing whereby Sino IC Leasing injected capital into Unis Si-Cloud with a total amount of RMB210,954,942.86.

## **8. ARRANGEMENTS AFFECTING DIRECTORS**

As at the Latest Practicable Date:

- (a) no benefit (other than statutory compensation) had been and would be given to any Director as compensation for loss of office or otherwise in connection with the Offer;
- (b) save as disclosed in the paragraph headed “Proposed Change to the Board Composition of the Company” under the section headed “Letter from CICC” above, there was no agreement or arrangement between any Director and any other person which was conditional on or dependent upon the outcome of the Offer or otherwise connected with the Offer; and
- (c) no material contract had been entered into by the Joint Offerors in which any Director has a material personal interest.

## **9. DIRECTORS’ SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors had any service contracts with the Company or any of its subsidiaries or associated companies in force which: (a) (including both continuous and fixed term contracts) had been entered into or amended within 6 months before the commencement of the Offer 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.

**10. CONSENTS AND QUALIFICATIONS**

The following are the names and qualifications of the professional advisers whose letters, opinions or advice are contained or referred to in this Composite Document:

<b>Name</b>	<b>Qualification</b>
VBG Capital	A licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
RHL	Property valuer

Each of VBG Capital and RHL has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion of the text of its letter and/or report and the references to its name in the form and context in which they appear herein.

**11. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection (i) on the website of the SFC ([www.sfc.hk](http://www.sfc.hk)); and (ii) the Company's website ([en.unistech.com.hk](http://en.unistech.com.hk)) during the period from the date of this Composite Document up to and including the Closing Date:

- (a) the memorandum of association and bye-laws of the Company;
- (b) the annual report of the Company for each of the two years ended 31 December 2018;
- (c) the interim report of the Company for the six months ended 30 June 2019;
- (d) the letter from the Board, the text of which is set out in pages 25 to 32 of this Composite Document;
- (e) the letter from the Independent Board Committee, the text of which is set out in pages 34 to 35 of this Composite Document;
- (f) the letter from VBG Capital, the Independent Financial Adviser, the text of which is set out in pages 36 to 52 of this Composite Document;
- (g) the property valuation report issued by RHL, the text of which is set out in Appendix V to this Composite Document;
- (h) the material contract referred to in paragraph headed "Material Contracts" in this Appendix; and
- (i) the letters of consent referred to in the paragraph headed "Consents and Qualifications" in this Appendix.

**12. GENERAL**

- (a) The secretary of the Company is Mr. Liu Wei, who is a member of the Hong Kong Institute of Chartered Secretaries.
- (b) The registered office of the Company is situated at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.
- (c) The Hong Kong branch share registrar and transfer office of the Company is Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (d) The registered office of VBG Capital, the Independent Financial Adviser, is at 18/F, Prosperity Tower, 39 Queen's Road Central, Hong Kong.
- (e) The English text of this Composite Document and the accompanying Form of Acceptance shall prevail over their respective Chinese text in case of inconsistency.



*The following is the text of a valuation report, prepared for the purpose of incorporation in this composite document received from RHL Appraisal Limited., an independent valuer, in connection with its valuation as at 31 July 2019 of the Properties held by the Group.*



永利行評值顧問有限公司  
**RHL Appraisal Limited**  
Corporate Valuation & Advisory

T +852 2730 6212  
F +852 2736 9284

Room 1010, 10/F, Star House  
Tsimshatsui, Hong Kong

14 October 2019

**The Board of Directors**

**Unisplendour Technology (Holdings) Limited**

Unit 02-03, 69/F,  
ICC-International Commerce Centre,  
1 Austin Road West,  
Tsimshatsui,  
Kowloon

Dear Sir / Madam,

**INSTRUCTIONS**

We refer to your instruction for us to value the property interest (“the Properties”) held by **Unisplendour Technology (Holdings) Limited** and its subsidiaries (together referred as the “Group”) located in the People’s Republic of China (“PRC”) and Hong Kong. We confirm that we have carried out property inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the Properties as at 31 July 2019 (the “Valuation Date”).

This letter which forms part of our valuation report explains the basis and methodologies of valuation, clarifying assumptions, valuation considerations, title investigations and limiting conditions of this valuation.

**BASIS OF VALUATION**

The valuation is our opinion of the market value (“Market Value”) which we would define as intended to mean the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing wherein the parties had each acted knowledgeably prudently and without compulsion.

Market Value is understood as the value of an asset or liability estimated without regard to costs of sale or purchase and without offset for any associated taxes or potential taxes.

The market value is the best price reasonably obtainable in the market by the seller and the most advantageous price reasonably obtainable in the market by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, joint ventures, management agreements, special considerations or concessions granted by anyone associated with the sale, or any element of special value.

**VALUATION METHODOLOGY**

We have valued the Properties interest by using the Direct Comparison Approach by making reference to the comparable market transactions/asking cases as available. Comparable properties of similar size, scale, nature, character and location are analysed and carefully weighed against all the respective advantages and disadvantages of each property in order to arrive at a fair comparison of market value.

**VALUATION CONSIDERATIONS**

In valuing the property interest, we have complied with all the requirements contained in Chapter 5 and Practice Note 12 to the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited, Rule 11 of the Codes on Takeovers and Mergers and Share Buy-backs issued by Securities And Futures Commission and the International Valuation Standards 2017.

**VALUATION ASSUMPTION**

In our valuation, unless otherwise stated, we have assumed that:

- i. all necessary statutory approvals for the Properties or the subject building of which the Properties forms part of their use have been obtained;
- ii. transferable land use rights in respect of the Properties for specific terms at nominal annual land use fees have been granted and that any premium payable has already been fully paid;

- iii. no deleterious or hazardous materials or techniques have been used in the construction of the Properties; and
- iv. the Properties are connected to main services and sewers which are available on normal terms.

### **TITLE INVESTIGATION**

For properties located in Hong Kong, land search is conducted. And for properties located in other cities of PRC. We have been shown copies including but not limited to state-owned land use right certificate, real estate title certificate and purchase agreements. However, we have not examined the original documents to verify the existing titles to the Properties or any amendment which does not appear on the copies handed to us. We have relied considerably on the information given by the Group's PRC legal advisers, Guangdong Mengkai Law Firm, concerning the validity of the titles to the Properties.

### **POTENTIAL TAX LIABILITIES**

For the purpose of compliance with Rule 11.3 of the Code on Takeovers and Mergers and as advised by the Group, the potential tax liabilities which will arise on direct disposal of the property interests held by the Group at the amounts valued by us mainly comprise the followings:

#### **Hong Kong Properties:**

- Profits tax at 16.5% on gain (minus any profit which is capital in nature)
- Stamp duty at progressive rates from 1.5% to 8.5% on the transaction amount (of which both the seller and the buyer are jointly and severally liable)

#### **PRC Properties:**

- Value added tax ("VAT") at 5% on the transaction amount
- Enterprise income tax at 25% on gain
- Land appreciation tax at progressive rates from 30% to 60% on the appreciation in property value
- Stamp duty at 0.05% on the transaction amount

In respect of the Properties held by the Group, the likelihood of the relevant tax liabilities being crystallized is remote as the Group has no plans for disposal of such properties yet. According to our established practice, in the course of our valuation, we have neither verified nor taken into account such tax liability.

**DECLARATION**

It is declared that we are the “External Valuer” for the subject property valuation assignment.

According to the HKIS Valuation Standards 2017, “an ‘External Valuer’ is a valuer who, together with any associates, has no material links with the client and agent acting on behalf of the client or the subject of the assignment.”

**LIMITING CONDITIONS**

We have conducted on-site inspections to the PRC Properties on 13th August 2019 by our staff Mr. Charlie Chan (BSc in Geomatics).

We have not carried out detailed on-site measurement to verify the correctness of the areas in respect of the Properties but have assumed that the areas shown on the documents handed to us are correct. All dimensions, measurements and areas are approximate.

We have not carried out any site investigation to determine the suitability of the ground conditions or the services for any property development erected or to be erected thereon. Nor did we undertake archaeological, ecological or environmental surveys for the Properties. Our valuation is prepared on the assumptions that these aspects are satisfactory and that no extraordinary expenses or delays will be incurred during the construction period. Should it be discovered that contamination, subsidence or other latent defects exists in the Properties or on adjoining or neighboring land or that the Properties had been or are being put to contaminated use, we reserve right to revise our opinion of value.

We have relied very considerable extent on the information provided by the Group and have accepted advices given to us on such matters, in particular, but not limited to tenure, planning approvals, statutory notices, easements, particulars of occupancy, size and floor areas and all other relevant matters in the identification of the Properties. The plans including but not limited to location plan, site plan, lot index plan, outline zoning plan, building plan if any, in the report are included to assist the reader to identify the Properties for reference only and we assume no responsibility for their accuracy.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also been advised by the Group that no material fact has been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and we have no reason to suspect that any material information has been withheld.

We do not accept a liability for any interpretation which we have placed on such information which is more properly the sphere of the legal advisers of the Group. Neither have we verified the correctness of any information supplied to us concerning the Properties.

**REMARKS**

We have valued the property interest in Renminbi (RMB) and Hong Kong Dollars (HKD).

We enclose herewith the summary of values and the “Property Particulars and Opinion of Value”.

**Serena S. W. Lau**

*FBKIS, AAPI, MRICS, RPS(GP), MBA(HKU)*

**Managing Director**

**Jessie X. Chen**

*MRICS, MSc (Real Estate), BEcon*

**Senior Associate Director**

*Ms. Serena S. W. Lau is a Registered Professional Surveyor (GP) with over 20 years' experience in valuation of properties in HKSAR, Macau SAR, mainland China and the Asia Pacific Region. Ms. Lau is a Professional Member of The Royal Institution of Chartered Surveyors, an Associate of Australian Property Institute, a Fellow of The Hong Kong Institute of Surveyors as well as a registered real estate appraiser in the PRC.*

*Ms. Jessie X. Chen is a Registered Professional Surveyor (Valuation) with over 9 years' experience in valuation of properties in HKSAR, Macau SAR, mainland China and the Asia Pacific Region. Ms. Chen is a Professional Member of The Royal Institution of Chartered Surveyors.*

## SUMMARY OF VALUES

No.	Properties in PRC	Market Value as at 31 July 2019 RMB
1.	An Industrial Complex located at No. 13 Yongping Second Road, Baishixia, Fuyong Town, Bao'an District, Shenzhen, the PRC	337,700,000
2.	Units 2407,2518,2919 and 3316 located at Zhongzhou Huafu, Bao'an District, Shenzhen, the PRC	No commercial value
3.	Units 2D4B, 1C13A,1B18D,2D19F,1B5A and 2E21A located at Zhongmin Court, Songgang Street, Bao'an District, Shenzhen, the PRC	No commercial value
<b>Properties in PRC - Total:</b>		<b>RMB337,700,000</b>

No.	Properties in Hong Kong	Market Value as at 31 July 2019 HK\$
4.	Unit A4 on 1st Floor of Block 4, Nos. 436-446 Kwun Tong Road, Kwun Tong Industrial Centre, Kowloon	14,900,000
5.	Unit H4 on 1st Floor of Block 4, Nos. 436-446 Kwun Tong Road, Kwun Tong Industrial Centre, Kowloon	10,700,000

		<b>Market Value as at</b>
<b>No. Properties in Hong Kong</b>		<b>31 July 2019</b>
		<i>HK\$</i>
6.	Car Parking Space No. 44 on G/F, Nos. 436-484 Kwun Tong Road, Kwun Tong Industrial Centre, Kowloon	3,400,000
7.	Car Parking Space No. 145 on Basement, Nos. 436-484 Kwun Tong Road, Kwun Tong Industrial Centre, Kowloon	2,250,000
<b>Properties in Hong Kong - Total:</b>		<hr/> <b>HK\$31,250,000</b> <hr/>

## PROPERTY PARTICULARS AND OPINION OF VALUE

No.	Property	Description and tenure	Particulars of occupancy	Market Value as at 31 July 2019 RMB
1.	An Industrial Complex located at No. 13 Yongping Second Road, Baishixia, Fuyong Town, Bao'an District, Shenzhen, the PRC	<p>The property comprises a parcel of land with a site area of approximately 34,550.30 sq.m. (371,896 sq.ft.) on which various industrial buildings / dormitories completed in various stage between 2002 and 2006 erected thereon.</p> <p>The property has a total gross floor area of approximately 52,767.69 sq.m. (567,987 sq.ft.)</p> <p>The land use rights of the property were granted for a term expiring on 4 May 2049 for industrial use.</p>	<p>The main portion of the property is owner-occupied for industrial use and portion of the property is subject to a tenancy agreement. (Please refer to Note.3)</p>	<p>337,700,000 (Renminbi Three Hundred and Thirty Seven Million and Seven Hundred Thousand Only)</p>

## Notes:

- Pursuant to 46 Real Estate Title Certificates, the ownerships of the Property with a total gross floor area of approximately 52,767.69 sq.m. were 100% vested in 日東電子發展(深圳)有限公司, as advised by the Group it is 100% indirectly held by the Company, and the land use rights of the Property were granted for a term commencing on 5 May 1999 and expiring on 4 May 2049 for industrial use. The 46 Buildings are erected on a land of lot number A212-0060 with a site area of approximately 34,550.3 sq.m. The details of such certificates are as follows:

Certificate Number	Building	Building Usage	Approximate Gross Floor Area (sq.m.)
Shen Fang Di Zi No. 5000316382 (深房地字第5000316382號)	Level 6 of Dormitory Building D2 (宿舍D2棟六層)	Dormitory (宿舍)	281.26
Shen Fang Di Zi No. 5000316379 (深房地字第5000316379號)	Level 5 of Dormitory Building D2 (宿舍D2棟五層)	Dormitory (宿舍)	281.26
Shen Fang Di Zi No. 5000316374 (深房地字第5000316374號)	Level 4 of Dormitory Building D2 (宿舍D2棟四層)	Dormitory (宿舍)	281.26
Shen Fang Di Zi No. 5000316377 (深房地字第5000316377號)	Level 3 of Dormitory Building D2 (宿舍D2棟三層)	Dormitory (宿舍)	281.26
Shen Fang Di Zi No. 5000316371 (深房地字第5000316371號)	Level 2 of Dormitory Building D2 (宿舍D2棟二層)	Dormitory (宿舍)	281.26
Shen Fang Di Zi No. 5000316370 (深房地字第5000316370號)	Level 1 of Dormitory Building D2 (宿舍D2棟一層)	Dormitory (宿舍)	281.26
Shen Fang Di Zi No. 5000316398 (深房地字第5000316398號)	Level 6 of Dormitory Building E1 (宿舍E1棟六層)	Dormitory (宿舍)	222.14



Certificate Number	Building	Building Usage	Approximate Gross Floor Area (sq.m.)
Shen Fang Di Zi No. 5000316395 (深房地字第5000316395號)	Level 5 of Dormitory Building E1 (宿舍E1棟五層)	Dormitory (宿舍)	222.14
Shen Fang Di Zi No. 5000316393 (深房地字第5000316393號)	Level 4 of Dormitory Building E1 (宿舍E1棟四層)	Dormitory (宿舍)	222.14
Shen Fang Di Zi No. 5000316390 (深房地字第5000316390號)	Level 3 of Dormitory Building E1 (宿舍E1棟三層)	Dormitory (宿舍)	222.14
Shen Fang Di Zi No. 5000316389 (深房地字第5000316389號)	Level 2 of Dormitory Building E1 (宿舍E1棟二層)	Dormitory (宿舍)	222.14
Shen Fang Di Zi No. 5000316384 (深房地字第5000316384號)	Level 1 of Dormitory Building E1 (宿舍E1棟一層)	Dormitory (宿舍)	222.14
Shen Fang Di Zi No. 5000316403 (深房地字第5000316403號)	Level 6 of Dormitory Building E2 (宿舍E2棟六層)	Dormitory (宿舍)	234.58
Shen Fang Di Zi No. 5000316405 (深房地字第5000316405號)	Level 5 of Dormitory Building E2 (宿舍E2棟五層)	Dormitory (宿舍)	234.58
Shen Fang Di Zi No. 5000316406 (深房地字第5000316406號)	Level 4 of Dormitory Building E2 (宿舍E2棟四層)	Dormitory (宿舍)	234.58
Shen Fang Di Zi No. 5000316400 (深房地字第5000316400號)	Level 3 of Dormitory Building E2 (宿舍E2棟三層)	Dormitory (宿舍)	234.58
Shen Fang Di Zi No. 5000316401 (深房地字第5000316401號)	Level 2 of Dormitory Building E2 (宿舍E2棟二層)	Dormitory (宿舍)	234.58
Shen Fang Di Zi No. 5000316399 (深房地字第5000316399號)	Level 1 of Dormitory Building E2 (宿舍E2棟一層)	Dormitory (宿舍)	234.02
Shen Fang Di Zi No. 5000316412 (深房地字第5000316412號)	Level 1 of Electric Room #2 (2#配電房一層)	Electric Room (配電房)	133.82
Shen Fang Di Zi No. 5000316419 (深房地字第5000316419號)	Level 1 of Pump Room (水泵房一層)	Pump Room (水泵房)	86.88
Shen Fang Di Zi No. 5000316418 (深房地字第5000316418號)	Level 1 of Guard Room no. 2 (2號門衛房一層)	Guard Room (門衛房)	16.98
Shen Fang Di Zi No. 5000316415 (深房地字第5000316415號)	Level 1 of Warehouse (倉庫一層)	Warehouse (倉庫)	3,322.05
Shen Fang Di Zi No. 5000316417 (深房地字第5000316417號)	Level 3 of Canteen C (飯堂C棟三層)	Canteen (飯堂)	547.03
Shen Fang Di Zi No. 5000316408 (深房地字第5000316408號)	Level 2 of Canteen C (飯堂C棟二層)	Canteen (飯堂)	950.42
Shen Fang Di Zi No. 5000316410 (深房地字第5000316410號)	Level 1 of Canteen C (飯堂C棟一層)	Canteen (飯堂)	950.69
Shen Fang Di Zi No. 5000316368 (深房地字第5000316368號)	Level 6 of Dormitory Building D1 (宿舍D1棟六層)	Dormitory (宿舍)	306.32
Shen Fang Di Zi No. 5000316365 (深房地字第5000316365號)	Level 5 of Dormitory Building D1 (宿舍D1棟五層)	Dormitory (宿舍)	306.32

Certificate Number	Building	Building Usage	Approximate Gross Floor Area (sq.m.)
Shen Fang Di Zi No. 5000316362 (深房地字第5000316362號)	Level 4 of Dormitory Building D1 (宿舍D1棟四層)	Dormitory (宿舍)	306.32
Shen Fang Di Zi No. 5000316359 (深房地字第5000316359號)	Level 3 of Dormitory Building D1 (宿舍D1棟三層)	Dormitory (宿舍)	306.32
Shen Fang Di Zi No. 5000316357 (深房地字第5000316357號)	Level 2 of Dormitory Building D1 (宿舍D1棟二層)	Dormitory (宿舍)	306.32
Shen Fang Di Zi No. 5000316355 (深房地字第5000316355號)	Level 1 of Dormitory Building D1 (宿舍D1棟一層)	Dormitory (宿舍)	306.32
Shen Fang Di Zi No. 5000316491 (深房地字第5000316491號)	Level 5 of Factory Building A (廠房A棟五層)	Factory Building (廠房)	2,907.72
Shen Fang Di Zi No. 5000316327 (深房地字第5000316327號)	Level 4 of Factory Building A (廠房A棟四層)	Factory Building (廠房)	2,994.58
Shen Fang Di Zi No. 5000316325 (深房地字第5000316325號)	Level 3 of Factory Building A (廠房A棟三層)	Factory Building (廠房)	2,994.58
Shen Fang Di Zi No. 5000316322 (深房地字第5000316322號)	Level 2 of Factory Building A (廠房A棟二層)	Factory Building (廠房)	2,994.58
Shen Fang Di Zi No. 5000316318 (深房地字第5000316318號)	Level 1 of Factory Building A (廠房A棟一層)	Factory Building (廠房)	2,994.58
Shen Fang Di Zi No. 5000316342 (深房地字第5000316342號)	Level 4 of Factory Building G1 (廠房G1棟四層)	Factory Building (廠房)	3,173.56
Shen Fang Di Zi No. 5000316339 (深房地字第5000316339號)	Level 3 of Factory Building G1 (廠房G1棟三層)	Factory Building (廠房)	3,173.56
Shen Fang Di Zi No. 5000316336 (深房地字第5000316336號)	Level 2 of Factory Building G1 (廠房G1棟二層)	Factory Building (廠房)	3,173.56
Shen Fang Di Zi No. 5000316332 (深房地字第5000316332號)	Level 1 of Factory Building G1 (廠房G1棟一層)	Factory Building (廠房)	3,161.41
Shen Fang Di Zi No. 5000316352 (深房地字第5000316352號)	Level 4 of Factory Building G2 (廠房G2棟四層)	Factory Building (廠房)	3,201.13
Shen Fang Di Zi No. 5000316349 (深房地字第5000316349號)	Level 3 of Factory Building G2 (廠房G2棟三層)	Factory Building (廠房)	3,201.13
Shen Fang Di Zi No. 5000316346 (深房地字第5000316346號)	Level 2 of Factory Building G2 (廠房G2棟二層)	Factory Building (廠房)	3,201.13
Shen Fang Di Zi No. 5000316344 (深房地字第5000316344號)	Level 1 of Factory Building G2 (廠房G2棟一層)	Factory Building (廠房)	3,155.06
Shen Fang Di Zi No. 5000316421 (深房地字第5000316421號)	Level 1 of Electric Room (小配電房一層)	Electric Room (配電房)	50.84
Shen Fang Di Zi No. 5000316413 (深房地字第5000316413號)	Level 1 of Electric Room #1 (1#配電房一層)	Electric Room (配電房)	117.16
<b>Total</b>			<b><u>52,767.69</u></b>

2. Pursuant to the tenancy agreement between 日東電子發展(深圳)有限公司 and 深圳光弘通信技術有限公司, Block G2 of the property with the approximate gross floor area of 12,758.45 sq.m. is tenanted for the monthly rental of RMB 357,236 for an expiring term from 1 November 2018 to 30 October 2023.
3. Pursuant to the tenancy agreement between 日東電子發展(深圳)有限公司 and 深圳光弘通信技術有限公司, Block D1 and Block D2's 1-3th Floor of the property with the approximate gross floor area of 2,681.7 sq.m. is tenanted for the monthly rental of RMB 55,200 for an expiring term on 31 July 2019. And then Block D1 and D2 of the property with the approximate gross floor area of 3525.48 sq.m. for the monthly rental of RMB 72,000 for an expiring term from 1 August 2019 to 30 October 2023.
4. The property is situated at east of Baishixia Village in, Fuyong Town, Bao'an District, west of the national highway No.G4 (4國道, 京港澳高速). The subject locality comprises mainly industrial complexes, town villages and various newly developed residential developments and an upward trend is observed in subject property market this year as there are increasing town renewal projects in surrounding.
5. We have been provided with a legal opinion by the Group's PRC legal adviser, Guangdong Mengkai Law Firm, regarding the legal title of the property, which contains, inter alia, the followings:
  - (i) the property is legally held by 日東電子發展(深圳)有限公司;
  - (ii) 日東電子發展(深圳)有限公司 is entitled to transfer, lease, mortgage or dispose of the property freely in the market;
  - (iii) the property is subject to various mortgages in favor to 興業銀行股份有限公司深圳分行; and
  - (iv) the property is free from any third parties' encumbrance.

## PROPERTY PARTICULARS AND OPINION OF VALUE

No.	Property	Description and tenure	Particulars of occupancy	Market Value as at 31 July 2019 RMB
2.	Units 2407, 2518, 2919 and 3316 located at Zhongzhou Huafu, Bao'an District, Shenzhen, the PRC	<p>The property comprises four residential units on respective level 24, 25, 29 and 33 of a 33-storey tower within a residential development known as Zhongzhou Huafu completed in about 2013.</p> <p>The property has a gross floor area of approximately 154.59 sq.m. (1,664 sq.ft.)</p>	<p>Portion of the property is subject to two tenancy agreements, while the remaining is currently vacant.</p> <p>(Please refer to Notes 2&amp;3)</p>	<p>No commercial Value (Please see note No.4 below)</p>

## Notes:

- Pursuant to a Subscription Agreement — Shen Bao Qi Ren Zi (2014) No. 013 (深寶企認字(2014)第013號) dated 24 October 2014, the property with a gross floor area of approximately 154.59 sq. m. is bought by 日東電子科技(深圳)有限公司 (Name officially changed to 紫光日東科技(深圳)有限公司 on 27 December 2016), as advised by the Group it is 100% indirectly held by the Company, for residential use.
- Pursuant to the Bao'an District Corporate Staff Public Rental Housing Purchase Contract — Shen Bao Qi Zi (2014) No.13 (深寶企字(2014)第13號), the ownership of the property has been 100% vested in 日東電子科技(深圳)有限公司 (Name officially changed to 紫光日東科技(深圳)有限公司 on 27 December 2016) for a total consideration of RMB 977,625 for a term expiring on 17 January 2082.
- Pursuant to a tenancy agreement entered into between 紫光日東科技(深圳)有限公司 (the "Lessor") and 吳素娟 (the "Lessee"), unit 2919 of the property with a gross floor area of 41.85 sq.m. is leased to the Lessee with a term commencing on 1 February 2018 and expiring on 1 February 2020 at a monthly rental of RMB 100 exclusive of management fee and service charges for residential use.
- Pursuant to a tenancy agreement entered into between 紫光日東科技(深圳)有限公司 (the "Lessor") and 汪力 (the "Lessee"), unit 2518 of the property with a gross floor area of 43.2 sq.m. is leased to the Lessee with a term commencing on 1 February 2018 and expiring on 1 February 2020 at a monthly rental of RMB 100 exclusive of management fee and service charges for residential use.
- Pursuant to the lawyer's opinion, the property is kind of public residential for corporate qualified staff. And the owner cannot freely transfer, lease, or dispose of the properties without obtaining the approval of administrative department. Therefore, concerning certain restriction of property ownership, we have attributed no commercial value to the property. And for reference purpose only, assuming that the property can be freely transferred in the open market without any additional land premium or administration charge, we have the opinion that as at the Valuation Date, the market value of the properties is RMB980,000.
- The property is situated at central of Bao'an District, south west of the national highway No.G4 (4國道, 京港澳高速). The subject locality comprises mainly newly developed residential developments, town villages and various shopping malls.

7. We have been provided with a legal opinion by the Group's PRC legal adviser, Guangdong Mengkai Law Firm , regarding the legal title of the property, which contains, inter alia, the followings:
- (i) the property is legally held by 日東電子科技 (深圳) 有限公司;
  - (ii) Upon approved, 日東電子科技 (深圳) 有限公司 is entitled to lease, occupy or mortgage the property freely in the market;
  - (iii) the property is free from any mortgage or third parties' encumbrance; and
  - (iv) there is no legal impediment for 日東電子科技 (深圳) 有限公司 to obtain real estate title certificate.

## PROPERTY PARTICULARS AND OPINION OF VALUE

No.	Property	Description and tenure	Particulars of occupancy	Market Value as at 31 July 2019 RMB
3.	Units 2D4B, 1C13A, 1B18D, 2D19F, 1B5A and 2E21A located at Zhongmin Court, Songgang Street, Bao'an District, Shenzhen, the PRC	<p>The property comprises six residential units located at Zhongmin Court, a residential development with various towers of 25-storey high completed in about 2012.</p> <p>The property has a gross floor area of approximately 601.00 sq.m. (6,469 sq.ft.)</p>	<p>Portion of the property is subject to two tenancy agreements, while the remaining is currently vacant.</p> <p><i>(Please refer to Notes 2&amp;3)</i></p>	<p>No commercial Value</p> <p><i>(Please see note No.4 below)</i></p>

## Notes:

- Pursuant to a Subscription Agreement — Shen Bao Qi Ren Zi (2014) No. 013 (深寶企認字(2014)第013號) dated 24 October 2014, the property with a gross floor area of approximately 601.00 sq. m. is bought by 日東電子科技(深圳)有限公司 (Name officially changed to 紫光日東科技(深圳)有限公司 on 27 December 2016), as advised by the Group it is 100% indirectly held by the Company, for residential use.
- Pursuant to the Bao'an District Corporate Staff Public Rental Housing Purchase Contract — Shen Bao Qi Zi (2014) No.13 (深寶企字(2014)第13號), the ownership of the property has been 100% vested in 日東電子科技(深圳)有限公司 (Name officially changed to 紫光日東科技(深圳)有限公司 on 27 December 2016) for a total consideration of RMB 2,646,816 for a term expiring on 14 January 2083.
- Pursuant to a tenancy agreement entered into between 紫光日東科技(深圳)有限公司 (the "Lessor") and 韋建明 (the "Lessee"), unit 2E21A of the property with a gross floor area of 92.77 sq.m. is leased to the Lessee with a term commencing on 1 April 2018 and expiring on 1 April 2020 at a monthly rental of RMB 100 exclusive of management fee and service charges for residential use.
- Pursuant to a tenancy agreement entered into between 紫光日東科技(深圳)有限公司 (the "Lessor") and 林國浪 (the "Lessee"), unit 1B18D of the property with a gross floor area of 90.78 sq.m. is leased to the Lessee with a term commencing on 5 April 2018 and expiring on 5 April 2020 at a monthly rental of RMB 200 exclusive of management fee and service charges for residential use.
- Pursuant to the lawyer's opinion, the property is kind of public residential for corporate qualified staff. And the owner cannot freely transfer, lease, or dispose of the properties without obtaining the approval of administrative department. Therefore, concerning certain restriction of property ownership, we have attributed no commercial value to the property. And for reference purpose only, assuming that the property can be freely transferred in the open market without any additional land premium or administration charge, we have the opinion that the market value of the properties is approximately RMB2,640,000.
- The property is situated at Songgang Street, north of Bao' an District, east of the Guangshen main road (廣深公路). The subject locality comprises mainly developed residential developments and town villages.

7. We have been provided with a legal opinion by the Group's PRC legal adviser, Guangdong Mengkai Law Firm, regarding the legal title of the property, which contains, inter alia, the followings:
- (i) the property is legally held by 日東電子科技 (深圳) 有限公司;
  - (ii) Upon approved, 日東電子科技 (深圳) 有限公司 is entitled to lease, occupy or mortgage the property freely in the market;
  - (iii) the property is free from any mortgage or third parties' encumbrance; and
  - (iv) there is no legal impediment for 日東電子科技 (深圳) 有限公司 to obtain real estate title certificate.

## PROPERTY PARTICULARS AND OPINION OF VALUE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 July 2019
4	Unit A4 on 1st Floor of Block 4, Nos. 436-446 Kwun Tong Road, Kwun Tong Industrial Centre, Kowloon	<p>The property comprises a factory unit on the 1st Floor of a 14-storey (plus 1 car parking basement level) industrial building. The subject building was completed in about 1980.</p> <p>According to the measurement from the registered floor plan, the saleable area of the property is 2,389 sq.ft. or thereabouts.</p> <p>The lot is held under Government Lease for a term of 21 years renewable for 21 years commencing on 1st July 1955. In our valuation, we take into account that such lease was extended without premium until 30th June 2047 and that a rent of three percent of the rateable value of the property is charged from the date of extension.</p>	<p>According to the information provided by the instructing party, the property was owner occupied as at the valuation date.</p>	<p>HK\$14,900,000 (Hong Kong Dollars Fourteen Million and Nine Hundred Thousand Only)</p>
	33/20623rd shares of and in Kun Tong Inland Lot No. 94			

*Notes:*

- According to the Land Registry Record, the registered owner of the property is SUN EAST ELECTRONIC EQUIPMENT COMPANY LIMITED for a consideration of HK\$ 2,170,740.00 vide memorial no. UB5391546 dated 10th July 1992. As advised by the Group, Sun East Electronic Equipment Company Limited is wholly-owned subsidiary of the Company.
- The property is subject to the following encumbrances:
  - Deed of Mutual Covenant vide memorial no. UB1690730 dated 27th February 1979.
  - Mortgage in favour of Overseas Trust Bank Limited for the consideration is all moneys vide memorial no. UB5391547 dated 10th July 1992.
  - Deed of Variation in favour of DBS Bank (Hong Kong) Limited (The Successor Bank of Overseas Trust Bank Limited) for a consideration of all monies vide memorial no. 09111900790020 dated 2nd November 2009.
- The property falls within zone "Other Specified Uses (Business)" under Approved Kwun Tong (South) Outline Zoning Plan No. S/K14S/22 dated 9 November 2018.
- The property was inspected by our Ms. Flora Chan (BSc in Estate Management) on 18 August 2019. Upon our inspection, the external condition of the property was fair.
- The Property is situated along Kwun Tong Road close to the junction of Hoi Yuen Road in the district of Kwun Tong in Kowloon. This locality is an established commercial and industrial area. Public transports serving the vicinity include franchised buses, Mass Transit Railway (MTR), minibuses and taxis. The MTR Kwun Tong Station is situated within short walking distance from the building. According to the statistics from the Rating and Valuation Department, the yield for the same type of the property is about 2.8% (Provisional figures from Hong Kong Property Review Monthly Supplement August 2019).



## PROPERTY PARTICULARS AND OPINION OF VALUE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 July 2019
5	Unit H4 on 1st Floor of Block 4, Nos. 436-446 Kwun Tong Road, Kwun Tong Industrial Centre, Kowloon	<p>The property comprises a factory unit on the 1st Floor of a 14-storey (plus 1 car parking basement level) industrial building. The subject building was completed in about 1980.</p> <p>According to the measurement from the registered floor plan, the saleable area of the property is 1,680 sq.ft. or thereabouts.</p> <p>The lot is held under Government Lease for a term of 21 years renewable for 21 years commencing on 1st July 1955. In our valuation, we take into account that such lease was extended without premium until 30th June 2047 and that a rent of three percent of the rateable value of the property is charged from the date of extension.</p>	<p>According to the information provided by the instructing party, the property was owner occupied as at the valuation date.</p>	<p>HK\$10,700,000 (Hong Kong Dollars Ten Million and Seven Hundred Thousand Only)</p>
	23/20623rd shares of and in Kun Tong Inland Lot No. 94			

*Notes:*

1. According to the Land Registry Record, the registered owner of the property is SUN EAST ELECTRONIC EQUIPMENT COMPANY LIMITED for a consideration of HK\$1,400,000.00 vide memorial no. UB8211382 dated 18th September 2000. As advised by the Group, Sun East Electronic Equipment Company Limited is wholly-owned subsidiary of the Company.
2. The property is subject to Deed of Mutual Covenant vide memorial no. UB1690730 dated 27th February 1979.
3. The property falls within zone "Other Specified Uses (Business)" under Approved Kwun Tong (South) Outline Zoning Plan No. S/K14S/22 dated 9 November 2018.
4. The property was inspected by our Ms. Flora Chan (BSc in Estate Management) on 18 August 2019. Upon our inspection, the external condition of the property was fair.
5. The Property is situated along Kwun Tong Road close to the junction of Hoi Yuen Road in the district of Kwun Tong in Kowloon. This locality is an established commercial and industrial area. Public transports serving the vicinity include franchised buses, Mass Transit Railway (MTR), minibuses and taxis. The MTR Kwun Tong Station is situated within short walking distance from the building. According to the statistics from the Rating and Valuation Department, the yield for the same type of the property is about 2.8% (Provisional figures from Hong Kong Property Review Monthly Supplement August 2019).

## PROPERTY PARTICULARS AND OPINION OF VALUE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 July 2019
6	Car Parking Space No. 44 on G/F, Nos. 436-484 Kwun Tong Road, Kwun Tong Industrial Centre, Kowloon	<p>The property comprises a car parking space on the Ground Floor of a 14-storey (plus 1 car parking basement level) industrial building. The subject building was completed in about 1980.</p> <p>The lot is held under Government Lease for a term of 21 years renewable for 21 years commencing on 1st July 1955. In our valuation, we take into account that such lease was extended without premium until 30th June 2047 and that a rent of three percent of the rateable value of the property is charged from the date of extension.</p>	According to the information provided by the instructing party, the property was owner occupied as at the valuation date.	HK\$3,400,000 (Hong Kong Dollars Three Million and Four Hundred Thousand Only)
	5/20623rd shares of and in Kun Tong Inland Lot No. 94			

*Notes:*

1. According to the Land Registry Record, the registered owner of the property is SUN EAST ELECTRONIC EQUIPMENT COMPANY LIMITED for a consideration of HK\$320,000.00 (PT.) vide memorial no. UB3941799 dated 3rd December 1988. As advised by the Group, Sun East Electronic Equipment Company Limited is wholly-owned subsidiary of the Company.
2. The property is subject to Deed of Mutual Covenant vide memorial no. UB1690730 dated 27th February 1979.
3. The property falls within zone "Other Specified Uses (Business)" under Approved Kwun Tong (South) Outline Zoning Plan No. S/K14S/22 dated 9 November 2018.
4. The property was inspected by our Ms. Flora Chan (BSc in Estate Management) on 18 August 2019. Upon our inspection, the external condition of the property was fair.
5. The Property is situated along Kwun Tong Road close to the junction of Hoi Yuen Road in the district of Kwun Tong in Kowloon. This locality is an established commercial and industrial area. Public transports serving the vicinity include franchised buses, Mass Transit Railway (MTR), minibuses and taxis. The MTR Kwun Tong Station is situated within short walking distance from the building.

## PROPERTY PARTICULARS AND OPINION OF VALUE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 July 2019
7	Car Parking Space No. 145 on Basement, Nos. 436-484 Kwun Tong Road, Kwun Tong Industrial Centre, Kowloon	<p>The property comprises a car parking space on the Basement Floor of a 14-storey (plus 1 car parking basement level) industrial building. The subject building was completed in about 1980.</p> <p>The lot is held under Government Lease for a term of 21 years renewable for 21 years commencing on 1st July 1955. In our valuation, we take into account that such lease was extended without premium until 30th June 2047 and that a rent of three percent of the rateable value of the property is charged from the date of extension.</p>	According to the information provided by the instructing party, the property was owner occupied as at the valuation date.	HK\$2,250,000 (Hong Kong Dollars Two Million Two Hundred and Fifty Thousand Only)
	3/20623rd shares of and in Kun Tong Inland Lot No. 94			

*Notes:*

1. According to the Land Registry Record, the registered owner of the property is SUN EAST ELECTRONIC EQUIPMENT COMPANY LIMITED for a consideration of HK\$200,000.00 vide memorial no. UB5560050 dated 4th January 1993. As advised by the Group, Sun East Electronic Equipment Company Limited is wholly-owned subsidiary of the Company.
2. The property is subject to Deed of Mutual Covenant vide memorial no. UB1690730 dated 27th February 1979.
3. The property falls within zone "Other Specified Uses (Business)" under Approved Kwun Tong (South) Outline Zoning Plan No. S/K14S/22 dated 9 November 2018.
4. The property was inspected by our Ms. Flora Chan (BSc in Estate Management) on 18 August 2019. Upon our inspection, the external condition of the property was fair.
5. The Property is situated along Kwun Tong Road close to the junction of Hoi Yuen Road in the district of Kwun Tong in Kowloon. This locality is an established commercial and industrial area. Public transports serving the vicinity include franchised buses, Mass Transit Railway (MTR), minibuses and taxis. The MTR Kwun Tong Station is situated within short walking distance from the building.