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## THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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If you are in any doubt as to any aspect of the Offers, this Composite Document or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your securities in Time Interconnect Technology Limited, you should at once hand this Composite Document and the accompanying Forms of Acceptance to the purchaser(s) or transferee(s), 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 Forms of Acceptance, the contents of which form part of the terms and conditions of the Offers.

The 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 Forms 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 Forms of Acceptance.

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### Luxshare Precision Limited

### 立訊精密有限公司

*(Incorporated in Hong Kong with limited liability)*



### 匯聚科技有限公司

TIME Interconnect Technology Limited

*(Incorporated in the Cayman Islands with limited liability)*  
(Stock Code: 1729)

**COMPOSITE OFFER AND RESPONSE DOCUMENT  
MANDATORY UNCONDITIONAL CASH OFFERS BY  
CHINA INTERNATIONAL CAPITAL CORPORATION  
HONG KONG SECURITIES LIMITED  
FOR AND ON BEHALF OF  
LUXSHARE PRECISION LIMITED  
TO ACQUIRE ALL THE ISSUED SHARES AND  
TO CANCEL ALL THE OUTSTANDING OPTIONS OF  
TIME INTERCONNECT TECHNOLOGY LIMITED  
(OTHER THAN THOSE ALREADY OWNED  
BY LUXSHARE PRECISION LIMITED AND  
PARTIES ACTING IN CONCERT WITH IT)**

**Financial Advisor to the Offeror**



**Independent Financial Advisor to the  
Independent Board Committee**



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Holders of the Offer Shares and Offer Options should inform themselves of and observe any applicable legal or regulatory requirements. See "Important Notice" beginning on page iv of this Composite Document.

Capitalised terms used in this cover page have the same meaning as those defined in the section headed "Definitions" in this Composite Document. A "Letter from CICC" containing, among other things, the details of the terms and conditions of the Offers are set out on pages 7 to 17 of this Composite Document. A letter from the Board is set out on pages 18 to 26 of this Composite Document. A letter from the Independent Board Committee containing its recommendation to the Offer Shareholders and Offer Optionholders in respect of the Offers is set out on pages 27 to 28 of this Composite Document. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee in respect of the Offers is set out on pages 29 to 64 of this Composite Document.

The procedures for acceptance and settlement of the Offers are set out in Appendix I to this Composite Document and in the accompanying Forms of Acceptance. Acceptances of the Offers contained herein should be received by the Registrar, by no later than 4:00 p.m. on Tuesday, 19 April 2022 or such later time or date as the Offeror may determine and announce, with the consent of the Executive and in accordance with the Takeovers Code.

Any persons including, without limitation, custodians, nominees and trustees, who would, or otherwise intend to, forward this Composite Document and/or the Forms of Acceptance to any jurisdiction outside of Hong Kong should read the details in this regard which are contained in the section headed "Overseas Shareholders and Overseas Optionholders" of the "Letter from CICC" in this Composite Document before taking any action. It is the responsibility of each Overseas Shareholder and Overseas Optionholder wishing to accept the Offers to satisfy himself, herself or itself as to full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required and the compliance with other necessary formalities or legal requirements. Overseas Shareholders and Overseas Optionholders are advised to seek professional advice on deciding whether to accept the Offers.

Hong Kong, 29 March 2022

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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 Offeror and the Company as and when appropriate. Unless otherwise specified, all times and dates in this Composite Document and the Form(s) of Acceptance refer to Hong Kong local times and dates.

Despatch date of this Composite Document and the Forms of  
Acceptance (*Note 1*) . . . . . Tuesday, 29 March 2022

Opening date of the Offers (*Note 1*) . . . . . Tuesday, 29 March 2022

Latest time and date for acceptance  
of the Offers (*Notes 2, 3 and 5*) . . . . . 4:00 p.m on Tuesday, 19 April 2022

Closing Date (*Notes 2 and 3*) . . . . . Tuesday, 19 April 2022

Announcement of the results of the Offers  
(or its extension or revision, if any)  
on the website of the Stock Exchange (*Note 2*) . . . . . 7:00 p.m on Tuesday, 19 April 2022

Latest date for posting of remittances  
for the amount due in respect of valid  
acceptances received under the Offers (*Notes 4 and 5*) . . . . . Thursday, 28 April 2022

*Notes:*

1. The Offers, which are unconditional in all respects, are made on the date of posting of this Composite Document, and are capable of acceptance on and from that date until 4:00 p.m. on the Closing Date. Acceptances of the Offers shall be irrevocable and not capable of being withdrawn, except in the circumstances as set out in the section headed “6. Right of withdrawal” in Appendix I to this Composite Document.
2. In accordance with the Takeovers Code, the Offers must initially be open for acceptance for at least 21 days following the date on which this Composite Document is posted. The Offers will be closed for acceptances on the Closing Date. The latest time and date for acceptance of the Offers will be at 4:00 p.m. on Tuesday, 19 April 2022 unless the Offeror extends the Offers in accordance with the Takeovers Code. The Offeror and the Company will jointly issue an announcement through the website of the Stock Exchange by no later than 7:00 p.m. on Tuesday, 19 April 2022, stating the results of the Offers and whether the Offers have been extended or have closed for acceptance. In the event that the Offeror decides to extend the Offers and the announcement does not specify the next closing date, at least 14 days’ notice by way of an announcement will be given before the Offers are closed to those Offer Shareholders and Optionholders who have not accepted the Offers.
3. Beneficial owners of the Offer Shares who hold their Offer Shares in CCASS directly as an investor participant or indirectly via a broker or custodian participant should note the timing requirements (set out in Appendix I to this Composite Document) for causing instructions to be made to CCASS in accordance with the General Rules of CCASS and CCASS Operational Procedures.
4. Remittances in respect of the consideration (after deducting the seller’s ad valorem stamp duty) payable for the Offer Shares tendered under the Share Offer will be posted to those Offer Shareholders accepting the Share Offer by ordinary post at their own risk as soon as possible, but in any event within seven (7) Business Days following the date of receipt by the Registrar of the duly completed Form of Acceptance and all requisite documents to render the acceptance under

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## EXPECTED TIMETABLE

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the Share Offer complete and valid in accordance with the Takeovers Code. Payment in respect of the consideration payable for the Offer Options tendered under the Option Offer will be made by the Offeror to the Company as the agent of the Optionholders, by cheque(s) drawn in the name of the Company as soon as possible but in any event within seven (7) Business Days of the date of receipt of a complete and valid acceptance of the Option Offer. The Company, being agent of the Optionholders, will transfer any payment received to the respective Optionholders by issue of cheque(s) or wire transfer as soon as possible thereafter.

5. If there is a tropical cyclone warning signal number 8 or above, or a “black rainstorm warning” or “extreme condition” caused by super typhoon:
- (i) in force in Hong Kong at any local time before 12:00 noon but no longer in force after 12:00 noon on the latest date for acceptance of the Offers and the latest date for posting of remittances for the amounts due under the Offers in respect of valid acceptances, the latest time for acceptance of the Offers will remain at 4:00 p.m. on the same Business Day and the posting of remittances will remain on the same Business Day; or
  - (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the latest date for acceptance of the Offers or the latest date for posting of remittances for the amounts due under the Offers in respect of valid acceptances, as the case may be, the latest time for acceptance of the Offers will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m. or the latest date for posting of remittances for the amounts due under the Offers in respect of valid acceptances will be rescheduled to the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m., or such other day as the Executive may approve in accordance with the Takeovers Code.

**All time and date references contained in this Composite Document and accompanying Forms of Acceptance are to Hong Kong times and dates.**

Save as mentioned above, if the latest time for acceptance of the Offers do not take effect on the date and time as stated above, the other dates mentioned above may be affected. The Offeror and the Company will jointly notify the Shareholders and Optionholders by way of announcement(s) on any change to the expected timetable as soon as practicable.

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## **IMPORTANT NOTICES**

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### **NOTICE TO SHAREHOLDERS AND OPTIONHOLDERS OUTSIDE OF HONG KONG**

The making and implementation of the Offers to holders of the Offer Shares and Offer Options who are not resident in Hong Kong may be subject to the laws of the relevant jurisdictions in which such holders are located. Such holders should inform themselves about and observe any applicable legal or regulatory requirements.

Please refer to the section headed “Overseas Shareholders and Overseas Optionholders” of the “Letter from CICC” in this Composite Document for further information.

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

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 Offeror 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.*

“Acquisition”	the purchase of the Sale Shares by the Offeror from the Sellers or any one of the Sellers (as the case may be) pursuant to terms set out in the SPA
“Announcement”	the joint announcement issued by the Offeror and the Company on 11 February 2022 in relation to, among others, the Acquisition and the Offers
“acting in concert”	has the meaning ascribed to it in the Takeovers Code
“associate”	has the meaning ascribed to it in the Takeovers Code
“Board”	the board of Directors of the Company
“Business Day”	a day on which the Stock Exchange is open for transaction of business
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CICC”	China International Capital Corporation Hong Kong Securities Limited, the financial adviser to the Offeror in relation to the Offers. CICC is a licensed corporation under the SFO, 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
“Closing Date”	the date stated in this Composite Document as the closing date of the Offers or any subsequent closing date as may be announced by the Offeror and approved by the Executive
“Company”	Time Interconnect Technology Limited, a company incorporated in the Cayman Islands with limited liability, and the Shares of which are listed on the Stock Exchange (Stock Code: 1729)
“Completion”	completion of the Acquisition under the SPA
“Composite Document”	this composite offer and response document jointly issued by the Offeror and the Company to the Offer Shareholders and Offer Optionholders in connection with the Offers in compliance with the Takeovers Code

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## DEFINITIONS

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“Directors”	directors of the Company
“Encumbrance”	a mortgage, charge, pledge, lien, option, restriction, right of first refusal, right of pre-emption, third-party right or interest, or other encumbrance or security interest having similar effect
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of his delegates
“First Deposit”	has the meaning given to it in the sections headed “Letter from CICC – INTRODUCTION” and “Letter from the Board – 1. INTRODUCTION” in this Composite Document
“First Sale Shares”	the Sale Shares of the First Seller comprising 204,930,000 Shares, representing approximately 11.09% of the issued Shares as at the date of the Announcement and 10.53% of the issued Shares as at the Latest Practicable Date
“First Seller”	Datatech Investment Inc., a company incorporated in the Republic of Seychelles with limited liability and which is ultimately beneficially owned by Mr. Paul Lo
“Form(s) of Acceptance”	the WHITE Form of Share Offer Acceptance and the PINK Form of Option Offer Acceptance, and “Form of Acceptance” shall mean any one of them
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HKSCC Nominees”	HKSCC Nominees Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of the Board, comprising Mr. Ho Hin Shun, Mr. Luk Wai Shing and Mr. Chan Chung Shun Eric, being all the independent non-executive Directors of the Company, formed for the purpose of advising the Offer Shareholders and Offer Optionholders in respect of the Offers

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## DEFINITIONS

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“Independent Financial Adviser”	Asian Capital Limited, a licensed corporation under the SFO, licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities
“Investor Participant”	the person admitted to participate in CCASS as investor participants
“Last Trading Day”	11 February 2022, being the last trading day prior to the publication of the Announcement
“Latest Practicable Date”	25 March 2022, being the latest practicable date prior to the printing of this Composite Document for the purpose of ascertaining certain information for inclusion in this Composite Document
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Luxshare Precision”	Luxshare Precision Industry Co., Limited (立訊精密工業股份有限公司), a company incorporated in the PRC with limited liability and listed on the Shenzhen Stock Exchange (stock code: 002475)
“Mr. Paul Lo”	Mr. Lo Chung Wai, Paul, the sole ultimate beneficial owner of the First Seller and the ultimate controlling shareholder of the Second Seller holding 59.82% interest in Linkz Industries Limited which owns the entire issued share capital of the Second Seller
“Offers”	collectively, the Share Offer and the Option Offer
“Offer Prices”	collectively, the Share Offer Price and the Option Offer Price
“Offer Shareholder(s)”	holder(s) of Share(s), other than the Offeror and parties acting in concert with it
“Offer Share(s)”	all and any of the Shares that are subject to the Share Offer
“Offer Optionholder(s)”	holder(s) of Option(s), other than the Offeror and parties acting in concert with it
“Offer Option(s)”	all and any of the Options that are subject to the Option Offer

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## DEFINITIONS

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“Offer Period”	the period commencing from 7 February 2022, being the date of the Rule 3.7 Announcement, and ending on the closing date of the Offers
“Offeror”	Luxshare Precision Limited, a limited liability company incorporated in Hong Kong which is wholly-owned by Luxshare Precision
“Offeror Group”	the Offeror, its holding companies and subsidiaries, and the ultimate controlling shareholders of the Offeror, namely Ms. Wang Laichun and Mr. Wang Laisheng, and any companies which such ultimate controlling shareholders control
“Option(s)”	outstanding share options granted by the Company pursuant to the Share Option Scheme
“Optionholders”	the holder(s) of the Options
“Option Offer”	the mandatory unconditional cash offer made by CICC for and on behalf of the Offeror to cancel all the Offer Options in accordance with the Takeovers Code
“Option Offer Price”	HK\$0.451 and HK\$0.480 respectively, being the prices at which the Option Offer will be made for the Offer Options with exercise prices of HK\$0.349 and HK\$0.320 respectively
“Overseas Optionholder(s)”	Offer Optionholder(s) whose address(es), as shown on the register of Optionholders of the Company, is/are outside Hong Kong
“Overseas Shareholder(s)”	Offer Shareholder(s) whose address(es), as shown on the register of members of the Company, is/are outside Hong Kong
“PINK Form of Option Offer Acceptance”	the form of acceptance in respect of the Option Offer accompanying this Composite Document
“PRC”	the People’s Republic of China (excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan for the purpose of this Composite Document)
“Relevant Period”	the period from 7 August 2021, being the date that is six months before the date of the commencement of the Offer Period, up to and including the Latest Practicable Date

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## DEFINITIONS

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“Registrar”	Tricor Investor Services 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
“Rule 3.7 Announcement”	the announcement dated 7 February 2022 made by the Company pursuant to Rule 3.7 of the Takeovers Code
“Sale Shares”	1,380,000,000 Shares, being such number of Shares acquired by the Offeror from the Sellers pursuant to the SPA, representing approximately 74.67% of the issued Shares as at the date of the Announcement and 70.92% of the issued Shares as at the Latest Practicable Date
“Second Deposit”	has the meaning given to it in the sections headed “Letter from CICC – INTRODUCTION” and “Letter from the Board – 1. INTRODUCTION” in this Composite Document
“Second Sale Shares”	the Sale Shares of the Second Seller comprising 1,175,070,000 Shares, representing approximately 63.58% of the issued Shares as at the date of the Announcement and 60.39% of the issued Shares as at the Latest Practicable Date
“Second Seller”	Time Interconnect Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and whose ultimate controlling shareholder is Mr. Paul Lo who is indirectly interested in 59.82% of the issued shares of the Second Seller
“Sellers”	the First Seller and the Second Seller
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinances (Chapter 571 of the laws of Hong Kong)
“Share(s)”	ordinary share(s) with a nominal value of HK\$0.01 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Share Offer”	the mandatory unconditional cash offer made by CICC, for and on behalf of the Offeror, to acquire all the issued Shares not already owned by the Offeror in accordance with the Takeovers Code

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## DEFINITIONS

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“Share Offer Price”	HK\$0.80 per Share, being the price at which the Share Offer is made
“Share Option Scheme”	the share option scheme of the Company adopted on 24 January 2018
“SPA”	the sale and purchase agreement dated 11 February 2022 entered into between, among others, the Sellers and the Offeror in relation to Sale Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiaries”	has the meaning ascribed to it in the Listing Rules
“Takeovers Code”	the Code on Takeovers and Mergers of Hong Kong
“WHITE Form of Share Offer Acceptance”	the form of acceptance in respect of the Share Offer accompanying this Composite Document
“%”	per cent.

1. All time and date references contained in this Composite Document refer to Hong Kong times and dates.
2. Certain amounts and percentage figures in this Composite Document have been subject to rounding adjustments.
3. Certain English translations of Chinese names or words or Chinese translations of English names or words in this Composite Document are included for information and identification purposes only and should not be regarded as the official English translation of such Chinese names or words or Chinese translation of such English names or words, respectively.
4. The singular includes the plural and vice versa, unless the context otherwise requires.
5. References to any Appendix, paragraph and any sub-paragraphs of them are references to the Appendices to, and paragraphs of, this Composite Document and any sub-paragraphs of them respectively.
6. References to any statute or statutory provision include a statute or statutory provision which amends, consolidates or replaces the same whether before or after the date of this Composite Document.
7. Reference to one gender is a reference to all or any genders.



29 March 2022

*To the Offer Shareholders and Offer Optionholders*

Dear Sir or Madam,

**MANDATORY UNCONDITIONAL CASH OFFERS BY  
CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG  
SECURITIES LIMITED FOR AND ON BEHALF OF  
LUXSHARE PRECISION LIMITED  
TO ACQUIRE ALL THE ISSUED SHARES AND TO CANCEL ALL THE  
OUTSTANDING OPTIONS OF  
TIME INTERCONNECT TECHNOLOGY LIMITED  
(OTHER THAN THOSE ALREADY OWNED  
BY LUXSHARE PRECISION LIMITED AND  
PARTIES ACTING IN CONCERT WITH IT)**

**INTRODUCTION**

On 11 February 2022, the Offeror and the Company jointly published the Announcement that after trading hours of the Stock Exchange on 11 February 2022, the Offeror entered into the SPA, pursuant to which the Sellers agreed to sell and the Offeror agreed to purchase the Sale Shares (being an aggregate of 1,380,000,000 Shares, representing approximately 74.67% of the issued Shares as at the date of the Announcement), amongst which 204,930,000 Shares, representing approximately 11.09% of the issued Shares as at the date of the Announcement, are from the First Seller and 1,175,070,000 Shares, representing approximately 63.58% of the issued Shares as at the date of the Announcement, are from the Second Seller, for a total cash consideration of HK\$1,104,000,000 (being HK\$0.80 per Share). Ten percent of the cash consideration for the Sale Shares (i.e. HK\$110,400,000 in aggregate, of which HK\$16,394,400 and HK\$94,005,600 were payable to the First Seller (the “**First Deposit**”) and the Second Seller (the “**Second Deposit**”, together with the First Deposit, the “**Deposits**”) respectively) was payable within three (3) Business Days of the date of the SPA as deposit, and the remainder of the cash consideration for the Sale Shares (i.e. HK\$993,600,000 in aggregate, of which HK\$147,549,600 and HK\$846,050,400 are payable to the First Seller and the Second Seller respectively) was payable upon Completion (both have been paid accordingly).

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## LETTER FROM CICC

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On 16 March 2022, the Offeror and the Company jointly announced that the Completion took place on 16 March 2022 and upon the Completion, the Offeror held an aggregate of 1,380,000,000 shares in the Company, representing approximately 72.18% and 70.92% of the issued Shares as at the date of the Completion and as at the Latest Practicable Date respectively.

As at the date of the Announcement, each of the Offeror and parties acting in concert with it did not have any interests in the Shares. Immediately upon Completion, the Offeror was interested in 1,380,000,000 Shares, representing approximately 72.18% and 70.92% of issued Shares as at the date of the Completion and as at the Latest Practicable Date respectively.

Given the Offeror acquired more than 50% of the voting rights of the Company as a result of the Acquisition, pursuant to Rule 26 of the Takeovers Code, the Offeror is required to make a mandatory unconditional cash offer for all the issued Shares (other than those already owned by the Offeror and parties acting in concert with it). Pursuant to Rule 13 of the Takeovers Code, the Offeror is required to make an appropriate cash offer to the Offer Optionholders to cancel all Offer Options.

This letter forms part of this Composite Document and sets out, among other matters, principal terms of the Offers, information on the Offeror and the intention of the Offeror regarding the Group. Further details of the terms of the Offers are set out in “Appendix I — Further Terms of the Offers” to this Composite Document, and the accompanying Forms of Acceptance. Terms used in this letter shall have the same meanings as those defined in this Composite Document unless the context otherwise requires.

### THE OFFERS

#### The Share Offer

As at the Latest Practicable Date, there are 1,945,952,000 Shares in issue. CICC is making the Share Offer for and on behalf of the Offeror in compliance with the Takeovers Code on the following basis:

For each Offer Share . . . . . HK\$0.80 in cash

The Share Offer Price of HK\$0.80 for each Offer Share under the Share Offer is the same as the price paid per Sale Share by the Offeror pursuant to the SPA.

The Offer Shares to be acquired under the Share Offer shall be fully paid and free from all Encumbrances and together with all rights attaching thereto, including all rights to any dividends or other distributions declared, made or paid on or after the date of the Announcement. In the event that the Company pays or makes any dividends on or after the date of the Announcement and up to closing of the Offers, the Offeror will reduce the Share Offer Price by the amount of such dividends, if any. In the event that the Company pays or makes any dividends prior to closing of the Offers, further announcement as regards adjustment to the Share Offer Price will be made.

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## LETTER FROM CICC

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The Company has confirmed that as at the Latest Practicable Date, (a) it has not declared any dividend which is outstanding and not yet paid and (b) it does not have any intention to make, declare or pay any future dividend or make other distributions prior to the close of the Offers.

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

### Comparison of value

The Share Offer Price of HK\$0.80 per Offer Share represents:

- (a) a discount of approximately 17.53% to the closing price of HK\$0.97 per Share as quoted on the Stock Exchange on 4 February 2022, being the last Business Day prior to the commencement of the Offer Period;
- (b) a discount of approximately 1.23% to the closing price of HK\$0.81 per Share as quoted on the Stock Exchange on 11 February 2022, being the Last Trading Day;
- (c) a discount of approximately 33.33% to the closing price of HK\$1.20 per Share as quoted on the Stock Exchange on 25 March 2022, being the Latest Practicable Date;
- (d) a discount of approximately 7.83% over the average closing price of HK\$0.87 per Share as quoted on the Stock Exchange for the five consecutive trading days immediately prior to and including the Last Trading Day;
- (e) a discount of approximately 4.42% over the average closing price of HK\$0.84 per Share as quoted on the Stock Exchange for the ten (10) consecutive trading days immediately prior to and including the Last Trading Day;
- (f) a premium of approximately 1.78% over the average closing price of HK\$0.79 per Share as quoted on the Stock Exchange for the thirty (30) consecutive trading days immediately prior to and including the Last Trading Day;
- (g) a premium of approximately 23.12% over the average closing price of HK\$0.65 per Share as quoted on the Stock Exchange for the ninety (90) consecutive trading days immediately prior to and including the Last Trading Day;
- (h) a premium of approximately 82.62% over the audited consolidated net assets per Share of approximately HK\$0.4381 as at 31 March 2021, calculated based on the Group's audited consolidated net assets attributable to the Shareholders of approximately HK\$852,474,000 as at 31 March 2021 and 1,945,952,000 Shares in issue as at the Latest Practicable Date; and

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## LETTER FROM CICC

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- (i) a premium of approximately 67.34% over the unaudited consolidated net assets per Share of approximately HK\$0.4781 as at 30 September 2021, calculated based on the Group's unaudited consolidated net assets attributable to the Shareholders of approximately HK\$930,280,000 as at 30 September 2021 and 1,945,952,000 Shares in issue as at the Latest Practicable Date.

### **Highest and lowest closing prices of the Shares**

As disclosed in the Rule 3.7 Announcement, the Offer Period has commenced on 7 February 2022.

During the Relevant Period, the highest and lowest closing prices of the Shares as quoted on the Stock Exchange were HK\$1.41 per Share on 14 March 2022 and HK\$0.40 per Share on 26 August 2021, respectively.

### **The Option Offer**

As at the Latest Practicable Date, there were 45,296,000 outstanding Options which, if vested, will confer rights on the Optionholders to subscribe for up to an aggregate of 504,000 Shares at an exercise price of HK\$0.349 per Share, and 44,792,000 Shares at an exercise price of HK\$0.320 per Share. The 504,000 outstanding Options with an exercise price of HK\$0.349 shall be exercisable from 24 February 2020 to 23 August 2028 and the remaining 44,792,000 outstanding Options with an exercise price of HK\$0.320 shall be exercisable from 7 February 2022 to 6 August 2030.

In accordance with the terms of the Share Option Scheme, if a general offer is made to all the Shareholders (or all such Shareholders other than the Offeror and its concert parties and persons controlled by the Offeror) and the offer becomes or is declared unconditional during the option period of an outstanding option, the grantee (or his legal representatives) shall, notwithstanding any terms on which the option was granted, be entitled to exercise the option (including any options that are not yet exercisable or vested) in full (to the extent not already lapsed or exercised) at any time within one month after the date on which the offer becomes or is declared unconditional. If the Option Offer is not accepted, any unexercised Options will lapse after one month from the date on which the Offers become or are declared unconditional.

The Option Offer made by CICC for and on behalf of the Offeror is on the following basis:

For each of the 504,000 Offer Options with  
an exercise price of HK\$0.349 . . . . . HK\$0.451 in cash

For each of the 44,792,000 Offer Options with  
an exercise price of HK\$0.320 . . . . . HK\$0.480 in cash

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## LETTER FROM CICC

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Pursuant to Rule 13 and Practice Note 6 of the Takeovers Code, the Option Offer Price would normally represent the difference between the exercise prices of the Options and the Share Offer Price. Under the Option Offer, since the exercise prices of the Offer Options, being HK\$0.349 and HK\$0.320, are below the Share Offer Price of HK\$0.80, the Offer Options are in-the-money and the Option Offer Prices are set at the see-through prices of HK\$0.451 and HK\$0.480 respectively.

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

The Offers are extended to all Offer Shareholders and Offer Optionholders in accordance with the Takeovers Code.

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

### Value of the Offers

As Completion for all of the Sale Shares took place, based on the Share Offer Price of HK\$0.80 per Share and 565,952,000 Offer Shares and 45,296,000 Offer Options:

- (a) Assuming no Offer Options are exercised and the Share Offer is accepted in full:
  - (i) the value of the Share Offer will be approximately HK\$452,761,600; and
  - (ii) the total amount to satisfy the cancellation of all Offer Options will be approximately HK\$21,727,464.
  
- (b) Assuming all Offer Options are exercised and the Share Offer is accepted in full:
  - (i) the value of the Share Offer will be approximately HK\$488,998,400; and
  - (ii) no amount will be payable by the Offeror under the Option Offer.

### Confirmation of financial resources

The Offeror intends to finance the maximum consideration for the Offers (i.e. HK\$488,998,400, being the higher amount of scenarios (a) and (b) above) by internal resources.

CICC, the financial adviser to the Offeror in respect of the Offers, is satisfied that sufficient financial resources are available to the Offeror to satisfy the maximum consideration payable by the Offeror upon full acceptance of the Offers.

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## LETTER FROM CICC

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### EFFECT OF ACCEPTING THE OFFERS

By validly accepting the Share Offer, the Offer Shareholders shall sell their Offer Shares free from all Encumbrances together with all rights attaching to them, including all rights to any dividend or other distribution declared, made or paid on or after the date of the Announcement. In the event that the Company pays or makes any dividends on or after the date of the Announcement and up to closing of the Offers, the Offeror will reduce the Share Offer Price by the amount of such dividends, if any. In the event that the Company pays or makes any dividends prior to closing of the Offers, further announcement as regards adjustment to the Share Offer Price will be made.

The Company has confirmed that as at the Latest Practicable Date, (a) it has not declared any dividend which is outstanding and not yet paid and (b) it does not have any intention to make, declare or pay any future dividend or make other distributions prior to the close of the Offers.

By validly accepting the Option Offer, the Offer Options tendered by the Offer Optionholders will be cancelled, together with all rights attached to them with effect from the date on which the Option Offer is made.

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

**Offer Shareholders and Optionholders are reminded to read the recommendation of the Independent Board Committee and the advice of the Independent Financial Adviser in respect of the Offers which are included in this Composite Document. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.**

### INFORMATION OF THE OFFEROR

The Offeror is a company incorporated in Hong Kong with limited liability and is a wholly-owned subsidiary of Luxshare Precision, a company incorporated in the PRC with limited liability and listed on the Shenzhen Stock Exchange (stock code: 002475). The Offeror is the trading company of Luxshare Precision and its subsidiaries and takes business orders for Luxshare Precision and its subsidiaries. Luxshare Precision is principally engaged in the research, development, manufacturing and sales of products in the fields of consumer electronics, communication, auto electronics and healthcare. The ultimate holding company of Luxshare Precision is Luxshare Limited. The Offeror and Luxshare Precision are ultimately controlled by Ms. Wang Laichun and Mr. Wang Laisheng.

Ms. Wang Laichun is currently the sole director of the Offeror. Ms. Wang Laichun is also chairperson and general manager of Luxshare Precision. Mr. Wang Laisheng is the vice chairman of Luxshare Precision. Ms. Wang Laichun and Mr. Wang Laisheng are each interested in 50% of the issued share capital of Luxshare Limited which is in turn directly interested in approximately 38.6% of

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## LETTER FROM CICC

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the registered capital of Luxshare Precision. Mr. Wang Laisheng is also directly interested in approximately 0.07% of the registered capital of Luxshare Precision. Ms. Wang Laichun and Mr. Wang Laisheng are siblings.

### INTENTION OF THE OFFEROR REGARDING THE GROUP

It is the intention of the Offeror that the Group's existing principal activities will be maintained after the close of the Offers. The Company is a reputable supplier of customised wire interconnect solutions. The Offeror and the Company believe that, following the close of the Offers, the strategic alliance between the Offeror and the Company would enable the Company to further benefit from the development and synergy in the fields of consumer electronics, communications, healthcare, automobile industry in terms of products, customers, and marketing, through integration of customer and market resources as well as technologies and R& D capabilities of the Offeror Group.

Riding on the policy of the PRC Government on "channeling computing resources from the eastern areas to the western regions" (東數西算), the Offeror would deploy the platform advantages and market position of the Offeror Group and introduce strategic resources to the Company with intention to further strengthen the Company's potential for continuous growth and core competitiveness in its market and to enable the Company to develop strategically to become an all-rounded network solutions and infrastructure providers. so as to create greater value for the Shareholders. In this regard, the Offeror is conducting a strategic review of the operations and financial position of the Company, and actively exploring business opportunities (including how the Company and the Offeror Group may deploy their respective resources to optimize synergies) for the growth and development, in both organic and inorganic manners, of the Company.

The strategic review by the Offeror as referred to above is still ongoing. As at the Latest Practicable Date, the Offeror and the Company have not entered into any discussion regarding any specific business proposal and no agreement has been reached between the Offeror and the Company, nor between the Offeror or the Company and any third parties in connection with the strategic review. Any future proposed transaction(s) as a result of the strategic review will be conducted in accordance with the applicable laws and regulations.

It is also the intention of the Offeror that the listing status of the Company will be maintained after the close of the Offers.

Subject to the above and save for the proposed changes to the Board composition as set out below, as at the Latest Practicable Date, the Offeror has no intention (i) to discontinue the employment of the existing management and employees of the Group; (ii) to redeploy the fixed assets of the Company other than those in its ordinary and usual course of business; (iii) for the Group to acquire any new business or asset; or (iv) for the Group to dispose of any of its existing business or asset. However, the Offeror does not rule out the possibility of any of the foregoing following completion of the strategic review mentioned in the preceding paragraph.

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## LETTER FROM CICC

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### PROPOSED CHANGE OF THE BOARD COMPOSITION

The Board is currently made up of six Directors, comprising of one non-executive Director, being Mr. Paul Lo, two executive Directors, being Mr. Cua Tin Yin Simon and Mr. Wong Chi Kuen; and three independent non-executive Directors, being Mr. Ho Hin Shun, Mr. Luk Wai Shing and Mr. Chan Chung Shun Eric.

It is intended that Mr. Paul Lo will resign from the Board (and the position of chairman of the Board) at the earliest time permitted under the Takeovers Code.

The Offeror intends to nominate a new Director to the Board with effect immediately after the posting of the Composite Document or such other date as permitted under the Takeovers Code. The Offeror has nominated Ms. Wang Laichun as non-executive Directors and as chairman of the Board.

The brief biography of the new Director nominated by the Offeror is set out below:

Ms. Wang Laichun, aged 54, holds an Executive Master of Business Administration from Shenzhen Graduate School of Tsinghua University. She has more than 30 years of experience in the electronics industry and has served as a director of Shenzhen High-tech Industry Association and Vice Chairman of Shenzhen Electronics Industry Association. She founded Luxshare Precision with Mr. Wang Laisheng in 2004. She is currently the chairman and general manager of Luxshare Precision.

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

The Offeror intends to maintain the listing of the Shares on the Stock Exchange following the close of the Offers.

The Stock Exchange has stated that if, at the close of the Offers, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares, are held by the public at all times, 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 until the prescribed level of public float is restored.

Ms. Wang Laichun, the sole director of the Offeror and as the new Director to be appointed to the board, has undertaken to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares following the close of the Offers. The Offeror considers that the appropriate actions to be taken after the close of the Offers shall include placing down of sufficient

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## LETTER FROM CICC

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number of accepted Shares by the Offeror and/or issue of additional Shares by the Company for this purpose. The Company and the Offeror will issue a separate announcement as and when necessary in this regard.

### OVERSEAS SHAREHOLDERS AND OVERSEAS OPTIONHOLDERS

The Offeror intends to make the Offers available to all Offer Shareholders and Offer Optionholders, including the Overseas Shareholders and Overseas Optionholders. However, the Offers to persons not resident in Hong Kong may be affected by the laws of the relevant jurisdiction in which they are resident. The making of the Offers to persons with a registered address in jurisdictions outside Hong Kong may be prohibited or limited by the laws or regulations of the relevant jurisdictions. Overseas Shareholders and/or Overseas Optionholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should observe any applicable legal or regulatory requirements and, where necessary, seek independent legal advice. It is the responsibility of Overseas Shareholders and the Overseas Optionholders who wish to accept the Offers to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offers (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due from the accepting Overseas Shareholders and Overseas Optionholders in respect of such jurisdictions). The Offeror, the Company, CICC, the Registrar, and parties acting in concert with any of them and their respective ultimate beneficial owners, directors, officers, agents, advisers and associates and any other person involved in the Offers shall be entitled to be fully indemnified and held harmless by the Overseas Shareholders and Overseas Optionholders for any taxes as such person may be required to pay.

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

### TAX ADVICE

Offer Shareholders and Offer Optionholders are recommended to consult their own professional advisers as to the taxation implications of accepting or rejecting the Offers. It is emphasised that none of the Company, the Offeror, CICC or parties acting in concert with it or any of their respective directors, officers or associates or any other person involved in the Offers accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offers.

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## LETTER FROM CICC

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### COMPULSORY ACQUISITION

The Offeror does not intend to privatize the Company by availing itself of any powers of compulsory acquisition of the remaining Shares not acquired under the Share Offer after the close of the Offers.

### FURTHER DETAILS OF THE OFFERS

Further details of the Offers are set out in “Appendix I – Further Terms of the Offers” to this Composite Document and the accompanying Forms of Acceptance.

### DEALINGS DISCLOSURE

In accordance with Rule 3.8 of the Takeovers Code, associates of the Company or the Offeror (including persons holding 5% or more of a class of relevant securities of the Company or the Offeror) are reminded to disclose their dealings in the securities of the Company pursuant to the Takeovers Code.

The full text of Note 11 of Rule 22 of the Takeovers Code is reproduced below pursuant to Rule 3.8 of the Takeovers Code:

*“Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates of an offeror or the offeree company and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than HK\$1 million.*

*This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.*

*Intermediaries are expected to co-operate with the Executive in its dealings enquiries.*

*Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”*

### 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.

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## LETTER FROM CICC

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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 Share Offer.

All documents and remittances to be sent to the Offer Shareholders and Offer Optionholders by ordinary post at their own risk. Such documents and remittances will be sent to the Offer Shareholders and Offer Optionholders at their respective addresses as appeared in the register of members or optionholders of the Company or in the case of joint Offer Shareholders or joint Offer Optionholders, to such Offer Shareholder or Offer Optionholder whose name appears first in the register of members or optionholder of the Company. None of the Company, the Offeror, CICC, the Registrar or any of their respective ultimate beneficial owners, directors, officers, agents or associates or any other parties involved in the Offers will be responsible for any loss or delay in transmission or any other liabilities that may arise as a result thereof or in connection therewith.

### **ADDITIONAL INFORMATION**

The Offer Shareholders and Offer Optionholders are strongly advised to consider carefully the information contained in the “Letter from the Board”, the “Letter from the Independent Board Committee” and the “Letter from the Independent Financial Adviser”, the accompanying Forms of Acceptance and the appendices as set out in this Composite Document and to consult their professional advisers if in doubt.

Yours faithfully,  
For and on behalf of  
**China International Capital Corporation**  
**Hong Kong Securities Limited**  
**David Ching**  
*Executive Director*

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## LETTER FROM THE BOARD

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匯聚科技有限公司  
TIME Interconnect Technology Limited

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

**(Stock Code: 1729)**

*Executive Directors:*

Mr. Cua Tin Yin Simon (*Chief Executive Officer*)  
Mr. Wong Chi Kuen

*Non-executive Director:*

Mr. Lo Chung Wai Paul (*Chairman*)

*Independent non-executive Directors:*

Mr. Ho Hin Shun  
Mr. Luk Wai Shing  
Mr. Chan Chung Shun Eric

*Registered office:*

Windward 3,  
Regatta Office Park,  
PO Box 1350  
Grand Cayman KY1-1108  
Cayman Islands

*Principal place of business in*

*Hong Kong:*  
Unit 601, Photonics Centre,  
2 Science Park East Avenue,  
Hong Kong Science Park,  
Shatin, Hong Kong

29 March 2022

*To Offer Shareholders and Offer Optionholders*

Dear Sir or Madam,

**MANDATORY UNCONDITIONAL CASH OFFERS BY  
CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG  
SECURITIES LIMITED FOR AND ON BEHALF OF  
LUXSHARE PRECISION LIMITED TO ACQUIRE ALL THE ISSUED  
SHARES AND TO CANCEL ALL THE OUTSTANDING OPTIONS OF  
TIME INTERCONNECT TECHNOLOGY LIMITED  
(OTHER THAN THOSE ALREADY OWNED  
BY LUXSHARE PRECISION LIMITED AND  
PARTIES ACTING IN CONCERT WITH IT)**

**1. INTRODUCTION**

Reference is made to the Announcement in relation to, among other things, the SPA and the Offers. Unless the context requires otherwise, terms defined in the Composite Document shall have the same meaning when used herein.

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## LETTER FROM THE BOARD

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The Company was notified by the Offeror and the Seller that after trading hours of the Stock Exchange on 11 February 2022, the Offeror entered into the SPA, pursuant to which the Sellers agreed to sell and the Offeror agreed to purchase the Sale Shares (being an aggregate of 1,380,000,000 Shares, representing approximately 74.67% of the issued Shares as at the date of the Announcement), amongst which 204,930,000 Shares, representing approximately 11.09% of the issued Shares as at the date of the Announcement, are from the First Seller and 1,175,070,000 Shares, representing approximately 63.58% of the issued Shares as at the date of the Announcement, are from the Second Seller, for a total cash consideration of HK\$1,104,000,000 (being HK\$0.80 per Share). Ten percent of the cash consideration for the Sale Shares (i.e. HK\$110,400,000 in aggregate, of which HK\$16,394,400 and HK\$94,005,600 were payable to the First Seller (the “**First Deposit**”) and the Second Seller (the “**Second Deposit**”, together with the First Deposit, the “**Deposits**”) respectively) was payable within three (3) Business Days of the date of the SPA as deposit, and the remainder of the cash consideration for the Sale Shares (i.e. HK\$993,600,000 in aggregate, of which HK\$147,549,600 and HK\$846,050,400 are payable to the First Seller and the Second Seller respectively) was payable upon Completion (both have been paid accordingly).

Completion of the Acquisition was subject to the satisfaction (or waiver, where applicable) of certain conditions precedents under the SPA.

As disclosed in the Announcement dated 16 March 2022 issued jointly by the Offeror and the Company, Completion took place on 16 March 2022 and upon Completion, the Offeror held an aggregate of 1,380,000,000 shares in the Company, representing approximately 72.18% and 70.92% of the issued Shares as at the date of the Completion and the Latest Practicable Date respectively.

Given the Offeror acquired more than 50% of the voting rights of the Company as a result of the Acquisition, pursuant to Rule 26 of the Takeovers Code, the Offeror is required to make a mandatory unconditional cash offer for all the issued Shares (other than those already owned by the Offeror and parties acting in concert with it). Pursuant to Rule 13 of the Takeovers Code, the Offeror is required to make an appropriate cash offer to the Offer Optionholders to cancel all Offer Options.

As stated in the Announcement, CICC would, on behalf of the Offeror, make the following mandatory unconditional cash offers:

- (i) The Share Offer: to acquire all of the Offer Shares in the issued share capital of the Company at HK\$0.80 per Offer Share; and
- (ii) The Option Offer: to cancel all of the 504,000 and 44,792,000 Offer Options with exercise prices of HK\$0.349 and HK\$0.320 respectively of the Company at HK\$0.451 and HK\$0.480 respectively per Offer Option.

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## LETTER FROM THE BOARD

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Completion of the Acquisition took place on 16 March 2022 pursuant to which the Offeror has acquired 1,380,000,000 Shares from the Sellers for the total cash consideration of HK\$1,104,000,000. As a result of the Acquisition, the Offeror is interested in 1,380,000,000 Shares, representing approximately 74.67% and 70.92% of issued Shares as at the date of the Announcement and as at the Latest Practicable Date respectively.

The purpose of this Composite Document is to provide you with, among other things: (i) information relating to the Group, the Offeror and the Offers; (ii) a letter from CICC containing, among other things, details of the Offers; (iii) a letter from the Independent Board Committee containing its recommendation in respect of the Offers; and (iv) a letter from the Independent Financial Adviser containing its advice to the Independent Board Committee in relation to the Offers.

This letter forms part of this Composite Document and sets out, amongst other things, certain background information of the Offeror and the intentions of the Offeror in relation to the Group. Further details on the terms of the Offers are set out in this letter, Appendix I – “Further Terms of the Offers” to this Composite Document and in the accompanying Forms of Acceptance.

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

The Independent Board Committee comprising Mr. Ho Hin Shun, Mr. Luk Wai Shing and Mr. Chan Chung Shun Eric, being all the non-executive Directors of the Company who have no direct or indirect interest in the Offers, has been established by the Company pursuant to Rule 2.1 of the Takeovers Code to make a recommendation to the Offer Shareholders and Offer Optionholders in respect of the Offers, as to whether the terms of the Offers are fair and reasonable and as to the acceptance of the Offers. Mr. Paul Lo, a non-executive Director of the Company but also the ultimate controlling shareholder of the Sellers, is deemed to have material interest in the Offers and therefore excluded from the Independent Board Committee.

In addition, as approved by the Independent Board Committee, an independent financial adviser, Asian Capital Limited, has been appointed to advise the Independent Board Committee in connection with the Offers and, in particular, as to whether the terms of the Offers are fair and reasonable and as to the acceptance of the Offers pursuant to Rule 2.1 of the Takeovers Code.

### **3. THE SHARE OFFER**

As at the Latest Practicable Date, there are 1,945,952,000 Shares in issue. The Share Offer is made by CICC on behalf of the Offeror on the following basis:

For each Offer Share . . . . . HK\$ 0.80 in cash

The Share Offer Price of HK\$0.80 for each Offer Share under the Share Offer is the same as the price paid per Sale Share by the Offeror pursuant to the SPA.

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## LETTER FROM THE BOARD

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The Offer Shares to be acquired under the Share Offer shall be fully paid and free from all Encumbrances and together with all rights attaching thereto, including all rights to any dividends or other distributions declared, made or paid on or after the date of the Announcement. In the event that the Company pays or makes any dividends on or after the date of the Announcement and up to closing of the Offers, the Offeror will reduce the Share Offer Price by the amount of such dividends, if any. In the event that the Company pays or makes any dividends prior to closing of the Offers, further announcement as regards adjustment to the Share Offer Price will be made.

The Company has confirmed that as at the Latest Practicable Date, (a) it has not declared any dividend which is outstanding and not yet paid and (b) it does not have any intention to make, declare or pay any future dividend or make other distributions prior to the close of the Offers.

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

### **The Share Offer Price**

#### *Comparison of value*

The Share Offer Price of HK\$0.80 per Share represents:

- (1) a discount of approximately 17.53% to the closing price of HK\$0.97 per Share as quoted on the Stock Exchange on 4 February 2022, being the last Business Day prior to the commencement of the Offer Period;
- (2) a discount of approximately 1.23% over the closing price of HK\$0.81 per Share as quoted on the Stock Exchange on 11 February 2022, being the Last Trading Day;
- (3) a discount of approximately 33.33% to the closing price of HK\$1.20 per Share as quoted on the Stock Exchange on 25 March 2022, being the Latest Practicable Date;
- (4) a discount of approximately 7.83% over the average closing price of approximately HK\$0.87 per Share as quoted on the Stock Exchange for the five consecutive trading days immediately prior to and including the Last Trading Day;
- (5) a discount of approximately 4.42% over the average closing price of approximately HK\$0.84 per Share as quoted on the Stock Exchange for the 10 consecutive trading days immediately prior to and including the Last Trading Day;
- (6) a discount of approximately 1.78% over the average closing price of approximately HK\$0.79 per Share as quoted on the Stock Exchange for the 30 consecutive trading days immediately prior to and including the Last Trading Day;

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## LETTER FROM THE BOARD

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- (7) a premium of approximately 23.12% over the average closing price of approximately HK\$0.65 per Share as quoted on the Stock Exchange for the 90 consecutive trading days immediately prior to and including the Last Trading Day;
- (8) a premium of approximately 82.62% over the audited consolidated net assets per Share of approximately HK\$0.4381 as at 31 March 2021, calculated based on the Group's audited consolidated net assets attributable to the Shareholders of approximately HK\$852,474,000 as at 31 March 2021 and 1,945,952,000 Shares in issue as at the Latest Practicable Date; and >
- (9) a premium of approximately 67.34% over the unaudited consolidated net assets per Share of approximately HK\$0.4781 as at 30 September 2021, calculated based on the Group's unaudited consolidated net assets attributable to the Shareholders of approximately HK\$930,280,000 as at 30 September 2021 and 1,945,952,000 Shares in issue as at the Latest Practicable Date.

### ***Highest and Lowest Share Prices***

As disclosed in the Rule 3.7 Announcement, the Offer Period has commenced on 7 February 2022.

During the Relevant Period, the highest closing price of the Shares as quoted on the Stock Exchange was HK\$1.41 on 14 March 2022 and the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$0.40 on 26 August 2021, respectively.

#### **4. THE OPTION OFFER NOTE: NUMBER OF OPTIONS TO BE UPDATED LATER**

As at the Latest Practicable Date, there are 45,296,000 outstanding Options. The exercise prices of the 45,296,000 Offer Options outstanding as at the Latest Practicable Date and granted under the Share Option Scheme and the period in which they are exercisable are set out below:

<b>Exercise price</b> <i>(HK\$ per Share)</i>	<b>Exercise period</b>	<b>Number of Outstanding Options as at the Latest Practicable Date</b>
0.349	From 24 February 2020 to 23 August 2028	504,000
0.320	From 7 February 2022 to 6 August 2030	44,792,000

The Option Offer is made by CICC on behalf of the Offeror on the following basis:

**For each of the 504,000 Offer Options with  
an exercise price of HK\$0.349 . . . . . HK\$0.451 in cash**

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## LETTER FROM THE BOARD

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**For each of the 44,792,000 Offer Options with  
an exercise price of HK\$0.320 . . . . . HK\$0.480 in cash**

Pursuant to Rule 13 and Practice Note 6 of the Takeovers Code, the Option Offer Price would normally represent the difference between the exercise prices of the Options and the Share Offer Price. Under the Option Offer, since the exercise prices of the Offer Options, being HK\$0.349 and HK\$0.320, are below the Share Offer Price of HK\$0.80, the Offer Options are in-the-money and the Option Offer Prices are set at the see-through prices of HK\$0.451 and HK\$0.480 respectively. The Option Offer is unconditional in all respects and is not conditional upon acceptances being received in respect of a minimum number of Shares or other conditions.

By validly accepting the Option Offer, the Offer Options tendered by the Offer Optionholders will be cancelled, together with all rights attached to them with effect from the date on which the Option Offer is made.

The Offers are extended to all Offer Shareholders and Offer Optionholders in accordance with the Takeovers Code.

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

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

### 5. VALUE OF THE OFFERS

Your attention is drawn to the sections headed the “*The Offers*” and “*Value of the Offers*” in the “*Letter from CICC*” in this Composite Document which sets out the value of the Offers.

### 6. INFORMATION OF THE OFFEROR AND INTENTION OF THE OFFEROR REGARDING THE GROUP

Your attention is drawn to the sections headed “*Information of the Offeror*” and “*Intention of the Offeror regarding the Group*” in the “*Letter from CICC*” in this Composite Document.

The Board notes that the Offeror intends to maintain the Group’s existing principal activities after close of the Offers and that save as otherwise provided in the section headed “*Intention of the Offeror regarding the Group*” in the Letter from CICC, as at the Latest Practicable Date, the Offeror has no intention (i) discontinue the employment of the existing management and employees of the Group; (ii) to redeploy the fixed assets of the Company other than those in its ordinary and usual course of business; (iii) for the Group to acquire any new business or asset; or (iv) for the Group to dispose of any of its existing business or asset.

## LETTER FROM THE BOARD

### 7. INFORMATION OF THE GROUP

The Company was incorporated in the Cayman Islands as an exempted company with limited liability, shares of which have been listed on Stock Exchange since February 2018. The Group is headquartered in Hong Kong, and has manufacturing facilities in Shanghai, Suzhou and Huizhou in the PRC. The Group is principally engaged in manufacture and sales of cable assembly and digital cable products. The Company supplies cable products to customers worldwide, including global network solutions and infrastructure provider, global internet related service provider, multinational medical equipment manufacturer and automotive manufacturer.

### 8. SHAREHOLDING STRUCTURE OF THE COMPANY

Pursuant to the information on shareholding available to the Offeror and Company, the shareholding structure of the Company (i) immediately prior to the Completion; (ii) immediately following Completion for all Sale Shares but before commencement of the Offers and (iii) as at the Latest Practicable Date are as follows:

Name of shareholder	Immediately prior to Completion		Immediately following Completion for all Sale Shares but before commencement of the Offers		As at the Latest Practicable Date	
	<i>Number of Shares</i>	<i>% of shareholding (approximate) (Note 5)</i>	<i>Number of Shares</i>	<i>% of shareholding (approximate) (Note 5)</i>	<i>Number of Shares</i>	<i>% of shareholding (approximate) (Note 5)</i>
<b>The Offeror and parties acting in concert with it</b>						
The Offeror	nil	nil	1,380,000,000	72.18%	1,380,000,000	70.92%
<b>The Sellers</b>						
The First Seller (Note 1)	204,930,000	10.72%	nil	nil	nil	nil
The Second Seller (Note 2)	1,175,070,000	61.46%	nil	nil	nil	nil
<b>Independent Shareholders</b>	531,944,000	27.82%	531,944,000	27.82%	538,920,000	27.69%
<b>The Directors (Note 4)</b>						
Mr. Cua Tin Yin Simon	nil	nil	nil	nil	10,488,000	0.54%
Mr. Wong Chi Kuen	nil	nil	nil	nil	9,528,000	0.49%
Mr. Lo Chung Wai Paul	nil	nil	nil	nil	1,824,000	0.09%
Mr. Ho Hin Shun	nil	nil	nil	nil	1,544,000	0.08%
Mr. Luk Wai Shing	nil	nil	nil	nil	1,824,000	0.09%
Mr. Chan Chung Shun Eric	nil	nil	nil	nil	1,824,000	0.09%
<b>Total</b>	<b>1,911,944,000</b>	<b>100.00%</b>	<b>1,911,944,000</b>	<b>100.00%</b>	<b>1,945,952,000</b>	<b>100%</b>

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## LETTER FROM THE BOARD

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*Notes:*

- (1) The First Seller is held as to 100% by Lacosta Harness Limited (“**Lacosta**”), which is in turn held as to 100% by Mr. Paul Lo, a non-executive director of the Company. Therefore, each of Lacosta and Mr. Paul Lo is deemed to be interested in all the Shares held by the First Seller for the purpose of the SFO;
- (2) The Second Seller is held as to 100% by Linkz Industries Limited (“**Linkz Industries**”), which is in turn held as to approximately (a) 38.13% by GP Industries Limited (“**GP Industries**”), a company incorporated in the Republic of Singapore and listed on the Singapore Stock Exchange (Stock Code: G20), which is in turn held as to 85.47% by Gold Peak Industries (Holdings) Limited (“**Gold Peak**”), a company incorporated in Hong Kong and listed on the Stock Exchange (Stock Code: 0040); (b) 20.14% by Nickson Holdings Limited (“**Nickson Holdings**”), which is in turn held as to 100% by Mr. Paul Lo; (c) 39.68% by Mr. Paul Lo; (d) 1.09% by Mr. Cua Tin Yin Simon, an executive director of the Company; (e) 0.73% by Mr. Sy Yuk Tsan, a former director of a Group Company; and (f) 0.23% by four employees of members of the Group. Therefore, each of Mr. Paul Lo, Nickson Holdings, Gold Peak, GP Industries and Linkz Industries is deemed to be interested in all the shares held by the Second Seller for the purpose of the SFO;
- (3) Save as disclosed in Notes (1) and (2) above, no other Directors hold Shares immediately prior to or immediately following Completion of the Sale Shares;
- (4) As at the Latest Practicable Date, pursuant to exercise of their respective Options on 22 and 23 March 2022, the Directors held in aggregate 27,032,000 Shares. Further details are set out in the paragraph headed “5. Dealing in the Shares” in Appendix III to this Composite Document; and
- (5) Due to rounding off of numbers, the shareholding percentage for each of the member of the shareholders in the above table may not add up to the aggregate shareholding percentage of the Company.

### 9. PUBLIC FLOAT AND MAINTAINING THE LISTING STATUS OF THE COMPANY

The Offeror intends to maintain the listing of the Shares on the Stock Exchange following the close of the Offers.

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

then it will consider exercising its discretion to suspend dealings in the Shares until the prescribed level of public float is restored.

Ms. Wang Laichun, the sole director of the Offeror and as the new Director to be appointed to the board, has undertaken to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares. The Offeror considers that the appropriate actions to be taken after the close of the Offers shall include placing down of sufficient number of accepted Shares by the Offeror and/or issue of additional Shares by the Company for this purpose. The Company and the Offeror will issue a separate announcement as and when necessary in this regard.

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## LETTER FROM THE BOARD

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### 10. RECOMMENDATION AND ADDITIONAL INFORMATION

Your attention is drawn to (i) the “Letter from the Independent Board Committee” on pages 27 to 28 of this Composite Document, which contains its recommendation to the Offer Shareholders and Offer Optionholders in relation to the Offers and (ii) the “Letter from the Independent Financial Adviser” on pages 29 to 64 of this Composite Document, which sets out its advice to the Independent Board Committee in relation to the Offers and as to the acceptance of the Offers.

You are also advised to read the “Letter from CICC”, on pages 7 to 17 to this Composite Document and the Forms of Acceptance in respect of the terms and acceptance and settlement procedures of the Offers.

Offer Shareholders and Offer Optionholders are recommended to consult their own professional advisers as to the tax implications that may arise from accepting the Offers.

Yours faithfully,  
By Order of the Board of  
**Time Interconnect Technology Limited**  
**Cua Tin Yin Simon**  
*Executive Director*



匯聚科技有限公司  
TIME Interconnect Technology Limited

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

(Stock Code: 1729)

29 March 2022

*To Offer Shareholders and Offer Optionholders*

Dear Sir or Madam,

**MANDATORY UNCONDITIONAL CASH OFFERS BY  
CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG  
SECURITIES LIMITED FOR AND ON BEHALF OF  
LUXSHARE PRECISION LIMITED TO ACQUIRE ALL THE ISSUED  
SHARES AND TO CANCEL ALL THE OUTSTANDING OPTIONS OF  
TIME INTERCONNECT TECHNOLOGY LIMITED  
(OTHER THAN THOSE ALREADY OWNED  
BY LUXSHARE PRECISION LIMITED AND  
PARTIES ACTING IN CONCERT WITH IT)**

**1. INTRODUCTION**

We refer to the composite offer and response document dated 29 March 2022 jointly issued by the Company and the Offeror (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 defined in the Composite Document.

We have been appointed by the Board to form the Independent Board Committee to consider the terms of the Offers and to make a recommendation to the Offer Shareholders and Offer Optionholders as to whether, in our opinion, the terms of the Offers are fair and reasonable and as to acceptance of the Offers.

Asian Capital Limited has been appointed, with our approval, as the Independent Financial Adviser to advise us in respect of the terms of the Offers and as to acceptance of the Offers. Details of its advice and the principal factors considered by it in arriving at its advice and recommendation are set out in “Letter from the Independent Financial Adviser” in 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 “Letter from CICC”, “Letter from the Board” and the additional information set out in the Composite Document, including the appendices to the Composite Document and the accompanying Forms of Acceptance in respect of the terms of the Offers and the acceptance and settlement procedures for the Offers.

### RECOMMENDATION

Having considered the terms of the Offers, the information contained in the Composite Document and having taken into account the advice and recommendations of the Independent Financial Adviser and the principal factors taken into consideration by it in arriving at its opinion, we consider that the terms of the Offers are fair and reasonable so far as the Offer Shareholders and Offer Optionholders are concerned. Therefore, we recommend the Offer Shareholders and Offer Optionholders to accept the Offers.

The Offer Shareholders who intend to accept the Share Offer are reminded to closely monitor the market price and liquidity of the Shares during the Offer Period, and consider selling their Shares in the open market rather than accepting the Share Offer if the net proceeds from the sale of such Shares in the open market would exceed the net proceeds receivable under the Share Offer. In any event, the Offer Shareholders should note that there is no certainty that the current trading volume and/or current trading price level of the Shares will be sustainable during or after the Offer Period.

Notwithstanding our recommendation, the Offer Shareholders and the Offer Optionholders should consider carefully the terms of the Offers and then decide whether to accept or not to accept the Offers. You are strongly recommended to read the full text of the “Letter from the Independent Financial Adviser” as set out in the Composite Document.

Yours faithfully,  
The Independent Board Committee of  
**Time Interconnect Technology Limited**

**Ho Hin Shun**  
*Independent*  
*non-executive Director*

**Luk Wai Shing**  
*Independent*  
*non-executive Director*

**Chan Chung Shun Eric**  
*Independent*  
*non-executive Director*

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## LETTER FROM ASIAN CAPITAL

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*The following is a letter of advice from the Independent Financial Adviser to the Independent Board Committee prepared for the purpose of incorporation into this Composite Document.*



ASIAN CAPITAL LIMITED  
Suites 1405-1409  
Bank of America Tower  
12 Harcourt Road  
Central  
Hong Kong

29 March 2022

*To: The Independent Board Committee of  
Time Interconnect Technology Limited*

Dear Sirs,

**MANDATORY UNCONDITIONAL CASH OFFERS  
BY CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG  
SECURITIES LIMITED FOR AND ON BEHALF OF  
LUXSHARE PRECISION LIMITED TO ACQUIRE ALL OF THE ISSUED  
SHARES OF AND TO CANCEL ALL THE OUTSTANDING OPTIONS OF  
TIME INTERCONNECT TECHNOLOGY LIMITED  
(OTHER THAN THOSE ALREADY OWNED BY  
LUXSHARE PRECISION LIMITED AND  
PARTIES ACTING IN CONCERT WITH IT)**

### INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee in respect of the Offers, details of which are set out in the “Letter from the Board” (the “**Letter from the Board**”) as contained in this Composite Document (the “**Composite Document**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Composite Document, unless otherwise specified.

As disclosed in the Announcement, the Company was notified by the Offeror and the Sellers after trading hours of the Stock Exchange on 11 February 2022 that the Sellers and the Offeror entered into the SPA, pursuant to which the Sellers agreed to sell and the Offeror agreed to purchase the Sale Shares (being an aggregate of 1,380,000,000 Shares, amongst which (i) First Sale Shares comprising 204,930,000 Shares, representing approximately 11.09% of the issued Shares as at the date of the Announcement, are from the First Seller and (ii) Second Sale Shares comprising 1,175,070,000 Shares, representing approximately 63.58% of the issued Shares as at the date of the Announcement, are from the Second Seller), representing approximately 74.67% of the issued Shares as at the date of the Announcement, for a total cash consideration of HK\$1,104,000,000 (being HK\$0.80 per Share).

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## LETTER FROM ASIAN CAPITAL

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On 16 March 2022, the Offeror and the Company jointly announced that the Completion took place on 16 March 2022 and immediately upon the Completion, the Offeror held an aggregate of 1,380,000,000 Shares in the Company, representing approximately 72.18% and 70.92% of the issued Shares as at the date of Completion and as at the Latest Practicable Date respectively. Given the Offeror acquired more than 50% of the voting rights of the Company as a result of the Acquisition, pursuant to Rule 26.1 of the Takeovers Code, the Offeror is required to make a mandatory unconditional cash offer for all the issued Shares (other than those already owned by the Offeror and parties acting in concert with it). Pursuant to Rule 13 of the Takeovers Code, the Offeror is required to make an appropriate cash offer to the Offer Optionholders to cancel all Offer Options.

The Independent Board Committee, comprising Mr. Ho Hin Shun, Mr. Luk Wai Shing and Mr. Chan Chung Shun Eric (all being independent non-executive Directors), has been established to advise the Offer Shareholders and Offer Optionholders as to (i) whether the Offers are fair and reasonable; and (ii) as to acceptance of the Offers.

As the Independent Financial Adviser with respect to the Offers, our role is to provide the Independent Board Committee with an independent opinion and recommendation as to whether the Offers are fair and reasonable as far as the Offer Shareholders and Offer Optionholders are concerned, and whether the Offer Shareholders and Offer Optionholders should, or should not, accept the Offers.

### OUR INDEPENDENCE

As at the Latest Practicable Date, we are not connected with the directors, chief executive and substantial shareholders of the Company and the Offeror or any of their respective subsidiaries or their respective associates or any party acting, or presumed to be acting, in concert with any of them. We did not have any shareholding, directly or indirectly, in any of their respective subsidiaries or their respective associates and did not have any shareholding, directly or indirectly, in any member of the Group or the Offeror or any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group and the Offeror.

In the past two years and up to the Latest Practicable Date, we only acted as the independent financial adviser to the independent board committee and the independent shareholders of the Company once regarding a discloseable and connected transaction as mentioned in the circular of the Company dated 22 June 2021.

Save for the aforementioned, we have no significant connection, financial or otherwise, with the Company or the Offeror or the controlling shareholders of either of them. Apart from normal professional fees for our services to the Company in connection with the engagement described above as well as this appointment as the Independent Financial Adviser, no arrangement exists whereby we will receive any fees and benefits from the Group or any other parties that could reasonably be regarded as relevant to our independence.

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## LETTER FROM ASIAN CAPITAL

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As at the Latest Practicable Date, we are not aware of any relationships or interest between us and the Company and the Offeror or any other parties that could reasonably be regarded as hindrance to our independence as defined under Rule 13.84 of the Listing Rules and Rule 2 of the Takeovers Code to act as the Independent Financial Adviser to the Independent Board Committee in respect of the Offers.

### BASIS OF OUR OPINION

In formulating our opinion and recommendation to the Independent Board Committee and the Offer Shareholders and Offer Optionholders, we have reviewed, *inter alia*, the annual reports of the Company for the two years ended 31 March 2020 (the “**2020 Annual Report**”) and 2021 (the “**2021 Annual Report**”), the interim report of the Company for the six months ended 30 September 2021 (the “**2022 Interim Report**”), the Announcement and the Composite Document.

We have also relied on (i) our discussions with the Directors and the senior management of the Company (collectively, the “**Management**”); (ii) our research on market data; and (iii) statements, information, opinions and representations contained or referred to in the Composite Document and/or provided to us by the Company and the Management. We have assumed that all statements, information, opinions and representations contained or referred to in the Composite Document and/or provided to us are true and accurate at the time they were made and continue to be accurate as at the Latest Practicable Date.

We consider that we have been provided with sufficient information on which to form a reasonable basis for our opinion. We have no reason to suspect that any relevant information has been withheld. We consider that we have performed all the necessary steps to enable us to reach an informed view and to justify our reliance on the information provided so as to provide a reasonable basis for our opinion. We have also assumed that all statements of opinion made by the Management in the Composite Document were reasonably made after due enquiries and careful consideration.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Composite Document and confirm that, having made all reasonable enquiries and to the best of their knowledge, opinions expressed in the Composite Document have been arrived at after due and careful consideration and there are no material facts not contained in the Composite Document, the omission of which would make any statement in the Composite Document misleading. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and the Management, and they have confirmed that no material information has been withheld or omitted from the information provided and referred to in the Composite Document, which would make any statement therein misleading.

While we have taken reasonable steps to satisfy the requirements under the Listing Rules, we have not carried out any independent verification of the information, opinions or representations given or made by or on behalf of the Company as set out in the Composite Document, nor have we conducted an independent investigation into the business affairs, internal control or assets and liabilities

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## LETTER FROM ASIAN CAPITAL

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

Our opinion is based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments or changes (including any material change in market, economic conditions and the Novel Coronavirus (“COVID-19”) pandemic) may affect and/or change our opinion and we will update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion during the Offer Period. Further, in the event which there is any material change to the information contained in the Composite Document during the Offer Period, we will also give an opinion on whether our advice would change or not as a result of such material change and the reasons for it.

This letter is issued for the information of the Independent Board Committee and the Offer Shareholders and Offer Optionholders solely in connection with their consideration of the Offers, and except for its inclusion in the Composite Document, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

### PRINCIPAL TERMS OF THE OFFERS

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

#### The Share Offer

For each Offer Share . . . . . HK\$0.80 in cash

The Share Offer Price of HK\$0.80 for each Share under the Share Offer is the same as the price paid per Sale Share by the Offeror pursuant to the SPA.

The Offer Shares to be acquired under the Share Offer shall be fully paid and free from all Encumbrances and together with all rights attaching thereto, including all rights to any dividends or other distributions declared, made or paid on or after the date of the Announcement. In the event that the Company pays or makes any dividends on or after the date of the Announcement and up to closing of the Offers, the Offeror will reduce the Share Offer Price by the amount of such dividends, if any. In the event that the Company pays or makes any dividends prior to closing of the Offers, further announcement as regards adjustment to the Share Offer Price will be made.

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## LETTER FROM ASIAN CAPITAL

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The Company has confirmed that, as at the Latest Practicable Date, it (i) has not declared any dividend which is outstanding and not yet paid and (ii) does not have any intention to make, declare or pay any future dividend or make other distributions prior to the close of the Offers.

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

### **The Option Offer**

For each of the 504,000 Offer Options with  
an exercise price of HK\$0.349 . . . . . HK\$0.451 in cash

For each of the 44,792,000 Offer Options with  
an exercise price of HK\$0.320 . . . . . HK\$0.480 in cash

Pursuant to Rule 13 and Practice Note 6 of the Takeovers Code, the Option Offer Price would normally represent the difference between the exercise prices of the Options and the Share Offer Price. Under the Option Offer, since the exercise prices of the Offer Options, being HK\$0.349 and HK\$0.320, are below the Share Offer Price of HK\$0.80, the Offer Options are in-the-money and the Option Offer Prices are set at the see-through prices of HK\$0.451 and HK\$0.480 respectively.

### **PRINCIPAL FACTORS AND REASONS CONSIDERED**

In arriving at our opinion and recommendation to the Independent Board Committee and the Offer Shareholders and Offer Optionholders, we have taken the following principal factors and reasons into consideration:

#### **1. Background Information of the Group**

##### ***(i) Information on the Group***

The Company was incorporated in the Cayman Islands as an exempted company with limited liability, shares of which have been listed on Stock Exchange since February 2018. The Group is headquartered in Hong Kong, and has manufacturing facilities in Shanghai, Suzhou and Huizhou in the PRC. The Group is principally engaged in manufacture and sales of cable assembly and digital cable products. The Company supplies cable products to customers worldwide, including global network solutions and infrastructure provider, global internet-related service provider, multinational medical equipment manufacturer and automotive manufacturer.

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## LETTER FROM ASIAN CAPITAL

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**(ii) Financial results of the Group**

Set out below is a summary of the audited consolidated statements of profit or loss of the Company for the two years ended 31 March 2020 and 2021 (“**FY2020**” and “**FY2021**” respectively) as extracted from the 2021 Annual Report and the unaudited consolidated statements of profit or loss of the Company for the six months ended 30 September 2020 and 2021 (“**1H2021**” and “**1H2022**” respectively) as extracted from the 2022 Interim Report:

<i>(HK\$'000)</i>	<b>FY2020</b> <i>(audited)</i> <sup>Note</sup>	<b>FY2021</b> <i>(audited)</i>	<b>1H2021</b> <i>(unaudited)</i>	<b>1H2022</b> <i>(unaudited)</i>
<b>Revenue</b>	2,780,150	3,008,019	1,441,677	1,740,522
<i>Cable assembly</i>	1,438,630	1,655,508	808,025	855,664
<i>Digital cable</i>	1,341,520	1,352,511	633,652	884,858
<b>Gross profit</b>	499,614	580,217	303,773	308,364
<b>Profit before tax</b>	188,852	268,111	156,857	134,925
<b>Profit for the year/period</b>	154,484	226,631	130,671	91,445
<b>Earnings per share (HK cents)</b>	8.37	12.30	7.09	4.95

*Note:*

- 1     *To conform with applicable accounting standards in relation to the acquisition of Linkz Cables Limited and its subsidiaries (which was completed on 30 June 2020), the comparative consolidated financial information of the Group for FY2020 has been restated as if the acquisition had been completed at the beginning of the comparative period.*

*FY2020 vs FY2021*

The Group’s revenue mainly derived from cable assembly and digital cable segments during FY2020 and FY2021. The Group recorded an increase in revenue from approximately HK\$2.8 billion for FY2020 to approximately HK\$3.0 billion for FY2021, representing an increase of approximately 8.2%. Such increase was mainly driven by the significant sales growth of (i) the data centre sector, as the Group successfully resolved the additional tariffs issue in the U.S.; (ii) the medical equipment sector, as driven by the increase in medical equipment cables orders amid the COVID-19 pandemic; and (iii) the industrial equipment sector, as driven by the Group successfully gained trial orders from a new prestigious customer, during FY2021.

The Group’s gross profit increased from approximately HK\$499.6 million for FY2020 to approximately HK\$580.2 million for FY2021, representing an increase of approximately 16.1%. Such increase was mainly due to the improvement in the Group’s gross profit margin resulted from (i) the increase in revenue from the sale of new 5G products of the telecommunication sector and (ii) the increase in revenue from the data centre sector and the medical equipment sector, which carrying a higher profit margin.

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## LETTER FROM ASIAN CAPITAL

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The Group's net profit increased from approximately HK\$154.5 million for FY2020 to approximately HK\$226.6 million for FY2021, representing an increase of approximately 46.7%. Such increase was mainly due to the combined effect of (i) increase in gross profit of approximately HK\$80.6 million as mentioned above; (ii) decrease in professional fees and costs relating to acquisition of approximately HK\$ 14.9 million, resulted from the one-off cost relating to the acquisition of networking cables business in FY2020; (iii) increase in research and development expenses of approximately HK\$20.0 million as the Company continuously put great efforts to enhance its research and development capabilities; and (iv) a decrease in finance costs of approximately HK\$27.7 million.

### *1H2021 vs 1H2022*

The Group's revenue mainly derived from cable assembly and digital cable segments during 1H2021 and 1H2022. The Group recorded an increase in revenue from approximately HK\$1.4 billion for 1H2021 to approximately HK\$1.7 billion for the 1H2022, representing an increase of approximately 20.7%. Such increase was mainly due to the increase in revenue generated from the digital cable sector due to the increase in copper price and since the major oversea markets have been reopened progressively after being severely impacted by COVID-19 in 1H2021 and the organic growth of cable assembly sector. We noted that the revenue from the cable assembly sector and digital cable sector increased by approximately 5.9% and 39.6% respectively. The significant increase of revenue in the digital cable sector was mainly attributable to the increase of copper price which led to higher selling price of networking cable during the period. Based on the existing quotation mechanism that the Group has been using with its customers, the selling price of the Group's products is automatically adjusted with the price of copper, so the impact of the copper price fluctuation will be directly passed through to customers. According to the 2022 Interim Report, the revenue of the Group would only increase by approximately HK\$128.8 million or 8.9% as compared with the same period last year if the copper price impact was excluded.

The Group's gross profit only increased slightly from approximately HK\$303.8 million for 1H2021 to approximately HK\$308.4 million for 1H2022, representing an increase of approximately 1.5%, despite the Group's revenue increased by approximately 20.7%. In the meantime, the Group's gross profit margin dropped from approximately 21.1% for the 1H2021 to 17.7% for the 1H2022. These were mainly due to the combined effect of (i) an increase in various materials costs of approximately 6%; (ii) an increase in manufacturing overhead of approximately HK\$7.9 million or 3.7% for 1H2022; and (iii) the rise in copper price, which was directly passed through to customers, has made the material costs took up higher percentage of revenue, and drove down the Group's overall gross profit margin. Based on our discussion with the Management, we are given to understand that the increase in manufacturing overhead was mainly due to lack of relief of social insurance by the PRC government which reduced the social security contributions of the Group (which is part of the Group's manufacturing overhead) in previous year and the increase in depreciation of property, plant and equipment of the Group.

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## LETTER FROM ASIAN CAPITAL

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The Group's net profit decreased from approximately HK\$130.7 million for 1H2021 to approximately HK\$91.4 million for the 1H2022, representing a decrease of approximately 30.0%, despite the Group recorded an increase of gross profit for the reporting period. Such decrease was mainly due to the fact that the slight increase in gross profit was offset by (i) an one-off withholding tax of approximately HK\$20.3 million arising from the dividend declaration and the internal reorganisation relating to the preparation of spin-off and separate listing in the PRC; (ii) an increase in distribution and selling expenses (including the increase in transportation cost from freight delays) of approximately HK\$7.9 million; (iii) an increase in administrative expense of approximately HK\$7.5 million; and (iv) an increase in research and development expenses of approximately HK\$21.8 million. Based on our discussion with the Management, we are given to understand that the substantial increase in research and development expenses during the reporting period was due to the fact that the Company enhanced its research and development capabilities to prepare for the potential growth in the newly acquired automotive wire harness business. We further noted that the Group would record a profit before tax for the 1H2022 of approximately HK\$111.8 million, representing a decrease of approximately 14.4% as compared to 1H2021, if the one-off withholding tax expenses were excluded.

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## LETTER FROM ASIAN CAPITAL

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*(iii) Financial position of the Group*

Set out below is a summary of (i) the audited consolidated statements of financial position of the Company as at 31 March 2020 and 31 March 2021 as extracted from the 2021 Annual Report and (ii) the unaudited consolidated statements of financial position of the Company as at 30 September 2021 as extracted from the 2022 Interim Report:

	<b>As at 31 March</b>	<b>2021</b>	<b>As at</b>
<i>(HK\$'000)</i>	<b>2020</b>	<b>2021</b>	<b>30 September</b>
	<i>(audited)</i> <sup>Note</sup>	<i>(audited)</i>	<b>2021</b>
			<i>(unaudited)</i>
<b>Total assets</b>	<b>3,187,431</b>	<b>2,598,964</b>	<b>3,052,072</b>
Property, plant and equipment	640,862	733,666	766,213
Right-of-use assets	134,716	400,171	398,367
Inventories	401,171	474,894	593,293
Trade and other receivables	576,512	808,755	1,028,110
Amount due from ultimate holding company	1,024,630	–	–
Pledged bank deposits	13,511	7,091	25,170
Bank balances and cash	366,933	156,550	220,910
Other assets	29,096	17,837	20,009
<b>Total liabilities</b>	<b>2,021,536</b>	<b>1,734,563</b>	<b>2,109,499</b>
Trade and other payables	553,604	571,869	809,782
Amount due to ultimate holding company	217,947	–	–
Unsecured bank borrowings	1,179,289	1,012,208	1,127,621
Lease liabilities	47,055	44,256	56,143
Other liabilities	23,641	106,230	115,953
<b>Net assets</b>	<b>1,165,895</b>	<b>864,401</b>	<b>942,573</b>

*Note:*

- 1 To conform with applicable accounting standards in relation to the acquisition of Linkz Cables Limited and its subsidiaries (which was completed on 30 June 2020), the comparative consolidated financial information of the Group for FY2020 has been restated as if the acquisition had been completed at the beginning of the comparative period.

*As at 31 March 2021*

The Group's total assets decreased from approximately HK\$3.2 billion as at 31 March 2020 to approximately HK\$2.6 billion as at 31 March 2021 which was mainly due to the combined effect of (i) a decrease in amount due from ultimate holding company of approximately HK\$1.0 billion as a result of group reorganisation of the substantial

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## LETTER FROM ASIAN CAPITAL

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shareholder of the Company (the financial impact of which is disclosed in note 32 to the Company's audited consolidated financial statements for FY2021); (ii) a decrease in bank balances and cash of approximately HK\$210.4 million, which was mainly due to balance payment of the acquisition of networking cables business of approximately HK\$151.0 million and distribution of the Company's dividends of approximately HK\$55.2 million; (iii) an increase in right-of-use assets of approximately HK\$265.5 million, which was mainly due to the gain on valuation of the Group's leasehold land; and (iv) an increase in trade and other receivables of approximately HK\$232.2 million.

The Group's total liabilities decreased from approximately HK\$2.0 billion as at 31 March 2020 to approximately HK\$1.7 billion as at 31 March 2021 which was mainly due to the combined effect of (i) a decrease in amount due to ultimate holding company of approximately HK\$217.9 million as a result of group reorganisation of the substantial shareholder of the Company (the financial impact of which is disclosed in note 32 to the Company's audited consolidated financial statements for FY2021) and (ii) a decrease in unsecured bank borrowings of approximately HK\$167.1 million.

The Group's net assets decreased from approximately HK\$1.2 billion as at 31 March 2020 to approximately HK\$864.4 million as at 31 March 2021, which was mainly due to the combined effect as mentioned above.

*As at 30 September 2021*

The Group's total assets increased from approximately HK\$2.6 billion as at 31 March 2021 to approximately HK\$3.1 billion as at 30 September 2021 which was mainly due to the combined effect of (i) an increase in inventories of approximately HK\$118.4 million; (ii) an increase in trade and other receivables of approximately HK\$219.4 million; and (iii) an increase in bank balances and cash of approximately HK\$64.4 million due to the increase in cash generated from operating activities during the reporting period.

The Group's total liabilities increased from approximately HK\$1.7 billion as at 31 March 2021 to approximately HK\$2.1 billion as at 30 September 2021 which was mainly due to (i) an increase in trade and other payables of approximately HK\$237.9 million and (ii) an increase in unsecured bank borrowings of approximately HK\$115.4 million, which was mainly due to the new bank loan of HK\$50 million for the acquisition of automotive wire harness business as at 31 August 2021 and increase in operating working capital resulted from the increase in copper price globally.

The Group's net assets increased from approximately HK\$864.4 million as at 31 March 2021 to approximately HK\$942.6 million as at 30 September 2021, which was mainly due to the combined effect as mentioned above.

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## LETTER FROM ASIAN CAPITAL

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*(iv) Outlook*

Based on our discussion with the Management, the Management is of the view that with the rapid development of the 5G cellular network technology in the PRC and the 5G network deployment announced by various mobile operators in the second half of 2019, there will be gradual and large scale replacement of 5G devices and equipment in the coming years, which is expected to drive the demand of cable assembly products. In the meantime, in the cloud computing, the computing storage network must be placed in the data centre, therefore, the growing cloud technology is expected to drive the development of data centre. It will boost the application of big data, internet of things (IoT), internet gaming and video streaming through cloud platform. In addition, the COVID-19 pandemic has changed many economic activities, such as companies are forced to work from home and increase online meetings during the lockdown period and persistent social distancing, which will directly increase the application and demand of network communication and cloud technology, and is expected to drive the demand of 5G cable assembly products and networking cable products in telecommunication sector and data centre sector.

As for the medical equipment sector, the Management expects the demand for medical equipment cables will last for a while amid the pandemic and it will continue to bring positive impact to the Groups medical equipment orders in coming years.

On 31 August 2021, the Group has successfully acquired the business of manufacturing and sales of automotive wire harness engaged by GP Industries Marketing Limited and its subsidiaries (the “**GPIM Group**”). GPIM Group provides the Group with an attractive opportunity to expand and diversify the Group’s business and investment portfolio, and enhance its income sources and long-term development potential. Considered the vigorous development of the automotive and electric vehicle markets, the acquisition has helped the Group to enter a new business area. The Group believes that the automotive wiring products can help the Group to provide its major customer with a broader product portfolio, and to step in new business sector by enriching the Group’s business portfolio and broadening its unique customer base, which can capture opportunities brought by the booming electric vehicle market.

As advised by the Management, the Company will closely monitor the potential adverse impact on supply chain continuity to support its global customers who depend on the Group’s products and will continue to stay alert to the changes in economic environment and take prompt and decisive actions to maintain the Group’s competitiveness and sustainability. Meanwhile, the Management will keep enhancing the Group’s business operations, so that it is fully capable to capitalise on an eventual market turnaround.

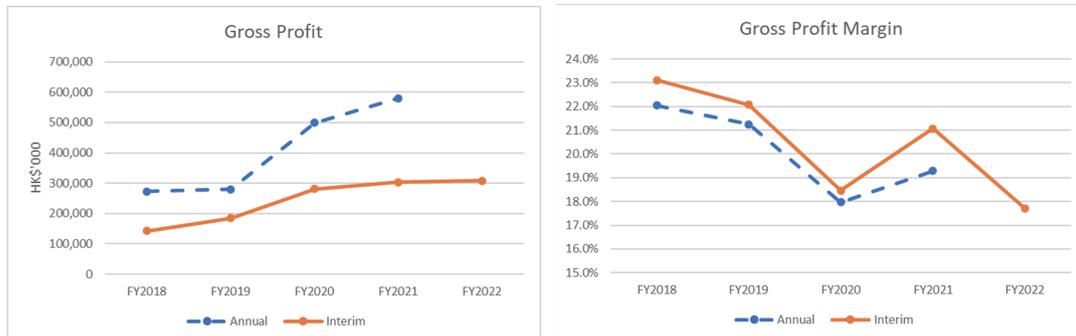
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## LETTER FROM ASIAN CAPITAL

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(v) *Profitability since the Company's listing*

We have reviewed the Company's gross profit and net profit reported in its annual reports and interim reports since its listing. The chart below depicts the Company's gross profit and gross profit margin reported in its past annual reports and interim reports for the years ended 31 March 2018, 2019, 2020 and 2021 and the six months ended 30 September 2018, 2019, 2020 and 2021.



*Note:*

- (i) *The Company's gross profit for the six months ended 30 September 2019 was reported as HK\$174,807,000 in its interim report for the six months ended 30 September 2019, and restated as HK\$281,400,000 in its interim report for 1H2021. The chart above adopted the restated figure.*
- (ii) *The Company's gross profit for the year ended 31 March 2020 was reported as HK\$305,148,000 in its 2020 Annual Report, and restated as HK\$499,614,000 in its 2021 Annual Report. The chart above adopted the restated figure.*

Our observation on the Company's historical gross profit and gross profit margin is as follows:

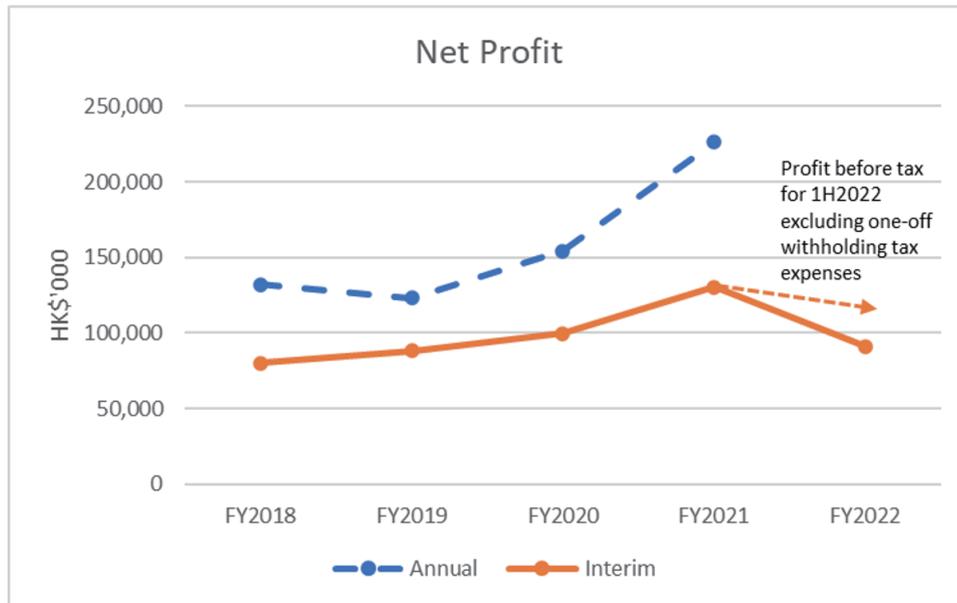
- (i) The Company's annual gross profit reached its historical high for FY2021 and the Company's interim gross profit reached its historical high for 1H2022.
- (ii) While both the Company's annual and interim gross profit continue to grow, it is notable that the growth momentum has been decreasing, in particular the growth of the Company's gross profit for the latest interim period was only approximately 1.5% as compared to that of the same period in the previous year of approximately 8.0%.
- (iii) The gross profit margin of the Company is experiencing a downward trend, in particular, the gross profit margin of the Company dropped from approximately 21.1% in 1H2021 to approximately 17.7% in 1H2022.

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## LETTER FROM ASIAN CAPITAL

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Furthermore, the chart below depicts the Company's net profit reported in its past annual reports and interim reports for the years ended 31 March 2018, 2019, 2020 and 2021 and the six months ended 30 September 2018, 2019, 2020 and 2021.



Note:

- (i) The Company's net profit for the six months ended 30 September 2019 was reported as HK\$77,356,000 in its interim report for the six months ended 30 September 2019, and restated as HK\$99,740,000 in its interim report for 1H2021. The chart above adopted the restated figure.
- (ii) The Company's net profit for FY2020 was reported as HK\$128,114,000 in its 2020 Annual Report, and restated as HK\$154,080,000 in its 2021 Annual Report. The chart above adopted the restated figure.

Our observation on the Company's historical net profit is as follows:

- (i) The Company's annual and interim earnings reached its historical high for FY2021. Additionally, the Company's annual and interim net profit for FY2021 were approximately 46.9% and 30.7% higher than the second highest profits of the Company since its listing; and
- (ii) The Company's latest financial results, being the interim results for 1H2022, reported a decrease of net profit of approximately 30.0% (or approximately 14.4% after excluding the one-off withholding tax expenses incurred) when compared to that of the corresponding period, the reasons of which have been discussed in the section headed "Background Information of the Group – (ii) Financial results of the Group – 1H2021 vs 1H2022" above.

We consider that while the increase in demand in the data centre and telecommunication sectors resulted from the change in social trend and working mode and the increase in demand in the medical equipment sector will continue to bring positive impact to the Group, the prospects and outlook of the business of the Group will remain challenging going forward which stems

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## LETTER FROM ASIAN CAPITAL

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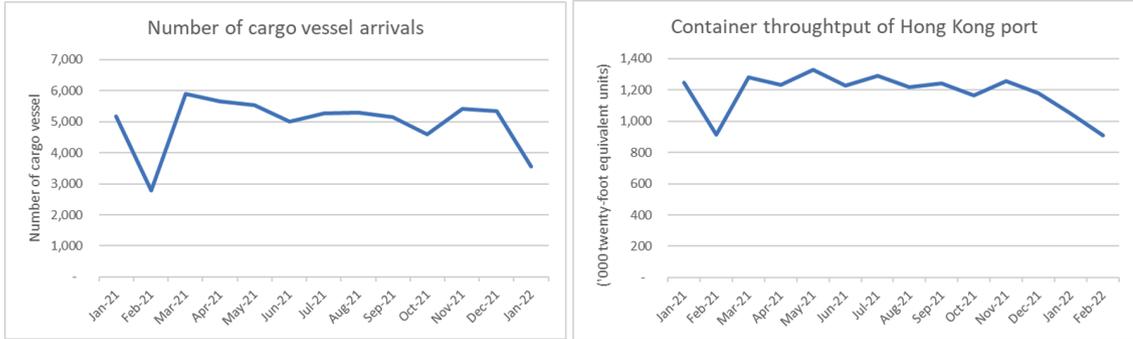
from, among others, (i) there is no assurance that positive impact brought about from the pandemic will subsist in the future and (ii) the potential adverse impact on supply chain continuity (being the aggregate impact from surge in transportation costs and freight delays as further discussed below) which affected the growth momentum of the Company amid the pandemic.

In fact, the Group reported in the 2022 Interim Report that the Group faced surge in transportation costs and freight delays. As advised by the Management, the transportation and freight costs increased from HK\$10.3 million to HK\$12.0 million, representing an increase of approximately HK\$1.7 million or 16.5% as compared with 1H2021 (In the meantime, the Group disclosed in the 2022 Interim Report that its revenue would grow by only 8.9% over the same period when the copper price impact was excluded. The growth momentum of the Company was also affected as illustrated by (i) the fall in growth momentum in both gross profit and net profit of the Group in the 1H2022 (even in the scenario where the one-off withholding tax expenses are excluded) and (ii) fall in gross profit margin, please refer to the analysis at the beginning of this section for further details on the gross profit and net profit growth of the Group in the past,

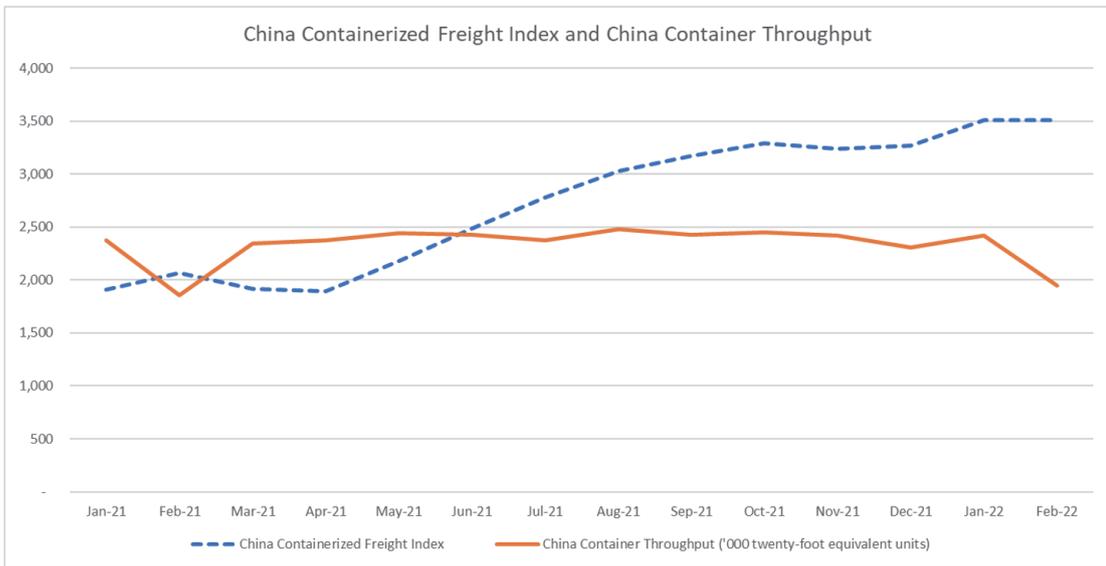
In addition, countries in general shut down their borders and/or implement limitations to their transportation and travel to contain the COVID-19 outbreak and the logistics and transportation were hampered in various ways across air, freight, and sea segments as a result, in particular, (i) the supply chain in Hong Kong has been adversely affected recently as illustrated in the charts below where both number of cargo vessel arrivals and units of container throughput in Hong Kong are facing a recent downward trend and (ii) the recent six-day lockdown in Shenzhen after a massive surge in COVID-19 cases has sent shockwaves through the world's supply chain and the restrictions have since widened to other major cities and provinces like Shanghai, Jilin and Guangzhou (the freight cost in PRC is facing a upward trend with the container and cargo throughput in China facing a downward trend as illustrated in the charts below). The suspension of port operation and serious shortage of containers as a result has obstructed the Group's shipments directly and adversely affected the Group's supply chain continuity to support its global customers who depends on its products as the production facilities of the Group are located in the PRC, hence business growth had been stifled (which

## LETTER FROM ASIAN CAPITAL

results in a decrease in gross profit growth, from a growth of approximately 16.1% in FY2021, to a growth of approximately 1.5% in 1H2022). Given the foregoing, the prospects and outlook of the business of the Group will remain challenging going forward amid the pandemic.



Source: [www.mardep.gov.hk](http://www.mardep.gov.hk) and [www.censtatd.gov.hk](http://www.censtatd.gov.hk)

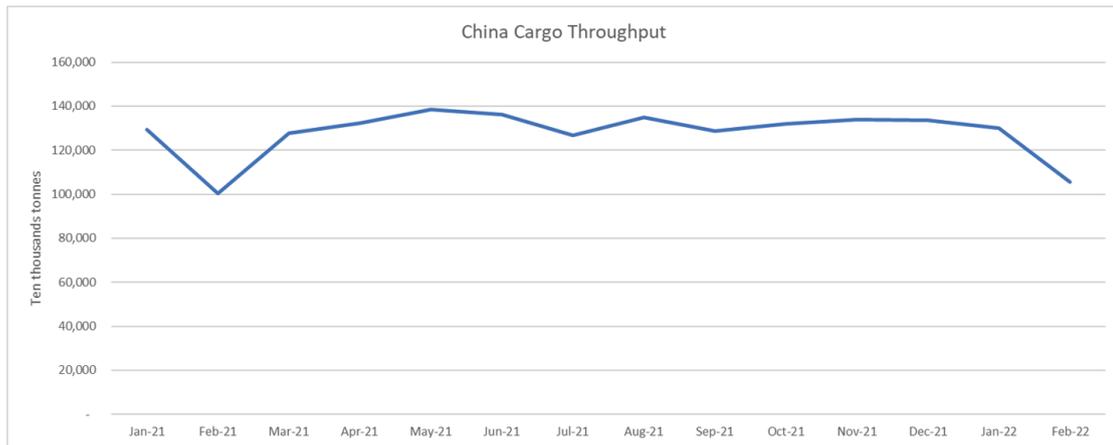


Source: [www.mot.gov.cn](http://www.mot.gov.cn) and [www.portcontainer.com](http://www.portcontainer.com)

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## LETTER FROM ASIAN CAPITAL

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Source: [www.mot.gov.cn](http://www.mot.gov.cn)

Given the foregoing, we are of the view that the prospects and outlook of the business of the Group will remain challenging going forward amid the pandemic.

## 2. Background Information of the Offeror

### (i) Information on the Offeror

The Offeror is a company incorporated in Hong Kong with limited liability and is a wholly-owned subsidiary of Luxshare Precision, a company incorporated in the PRC with limited liability and listed on the Shenzhen Stock Exchange (stock code: 002475). The Offeror is the trading company of Luxshare Precision and its subsidiaries and takes business orders for Luxshare Precision and its subsidiaries. Luxshare Precision is principally engaged in the research, development, manufacturing and sales of products in the fields of consumer electronics, communication, auto electronics and healthcare. The ultimate holding company of Luxshare Precision is Luxshare Limited. The Offeror and Luxshare Precision are ultimately controlled by Ms. Wang Laichun and Mr. Wang Laisheng. Ms. Wang Laichun is currently the sole director of the Offeror. Ms. Wang Laichun is also chairperson and general manager of Luxshare Precision. Mr. Wang Laisheng is the vice chairman of Luxshare Precision. Ms. Wang Laichun and Mr. Wang Laisheng are each interested in 50% of the issued share capital of Luxshare Limited which is in turn directly interested in approximately 38.6% of the registered capital of Luxshare Precision. Mr. Wang Laisheng is also directly interested in approximately 0.07% of the registered capital of Luxshare Precision. Ms. Wang Laichun and Mr. Wang Laisheng are siblings.

Based on public information available, Luxshare Precision is a global designer and manufacturer of cable assembly and connector system solutions for consumer, automotive, cloud, and enterprise applications with worldwide presence and is a supplier of major brands such as Apple, Huawei and Lenovo.

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## LETTER FROM ASIAN CAPITAL

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As disclosed in Luxshare Precision's latest annual report for the year ended 31 December 2020 and interim report for the six months ended 30 June 2021 published on the website of Shenzhen Stock Exchange, Luxshare Precision recorded audited consolidated revenue and net profit attributable to shareholders of approximately RMB92,501.3 million and RMB7,225.5 million respectively for the year ended 31 December 2020 and unaudited consolidated net assets attributable to shareholders of approximately RMB30,874.9 million as at 30 June 2021. As at the Latest Practicable Date, the market capitalisation of Luxshare Precision amounted to approximately RMB240 billion. During the reporting period, Luxshare Precision ranked the second on the 33rd list of top 100 electronic component manufacturers of China (2020) published by the China Electronic Components Association, and were awarded, among others, the honorable titles of "Top 500 private enterprises of China", "Top 500 private manufacturers of China", "Top 100 electronic information manufacturers of Guangdong" and "40 most respected listed companies of the Shenzhen Special Economic Zone in the past 40 years".

*(ii) Intention of the Offeror in relation to the Company*

It is the intention of the Offeror that the Group's existing principal activities will be maintained after the close of the Offers. The Company is a reputable supplier of customised wire interconnect solutions. The Offeror and the Company believe that, following the close of the Offers, the strategic alliance between the Offeror and the Company would enable the Company to further benefit from the development and synergy in the fields of consumer electronics, communications, healthcare, automobile industry in terms of products, customers, and marketing, through integration of customer and market resources as well as technologies and R&D capabilities of the Offeror Group.

Riding on the policy of the PRC Government on "channeling computing resources from the eastern areas to the western regions" (東數西算), the Offeror would deploy the platform advantages and market position of the Offeror Group and introduce strategic resources to the Company with intention to further strengthen the Company's potential for continuous growth and core competitiveness in its market and to enable the Company to develop strategically to become an all-rounded network solutions and infrastructure providers, so as to create greater value for the Shareholders. In this regard, the Offeror is conducting a strategic review of the operations and financial position of the Company, and actively exploring business opportunities (including how the Company and the Offeror Group may deploy their respective resources to optimize synergies) for the growth and development, in both organic and inorganic manners, of the Company.

The strategic review by the Offeror as referred to above is still ongoing. As at the Latest Practicable Date, the Offeror and the Company have not entered into any discussion regarding any specific business proposal and no agreement has been reached between the Offeror and the Company, nor between the Offeror or the Company and any third parties in connection with the strategic review.

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## LETTER FROM ASIAN CAPITAL

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Taking into account the background of the Offeror as depicted above, depending on the changes on the business plans and strategies of the Group to be introduced by the Offeror (if any), there may or may not be potential synergy effects to the Company's future prospect. However, as no plan for future cooperation has been laid out, we are unable to assess such effects (if any), thus the aforesaid has not formed part of the basis of our opinion.

*(iii) Proposed change of the Board composition*

The Board is currently made up of six Directors, comprising of one non-executive Director, being Mr. Paul Lo, two executive Directors, being Mr. Cua Tin Yin Simon and Mr. Wong Chi Kuen; and three independent non-executive Directors, being Mr. Ho Hin Shun, Mr. Luk Wai Shing and Mr. Chan Chung Shun Eric.

It is currently intended that Mr. Paul Lo will resign from the Board (and the position of chairman of the Board) at the earliest time permitted under the Takeovers Code.

The Offeror intends to nominate a new Director to the Board with effect immediately after the posting of the Composite Document or such other date as permitted under the Takeovers Code. The Offeror has nominated Ms. Wang Laichun as a non-executive Director and as chairman of the Board.

The brief biography of the new Director nominated by the Offeror is set out below:

Ms. Wang Laichun, aged 54, holds an Executive Master of Business Administration from Shenzhen Graduate School of Tsinghua University. She has more than 30 years of experience in the electronics industry and has served as a director of Shenzhen High-tech Industry Association and Vice Chairman of Shenzhen Electronics Industry Association. She founded Luxshare Precision with Mr. Wang Laisheng in 2004. She is currently the chairman and general manager of Luxshare Precision.

Save for the proposed change to the members of the Board as mentioned above, as at the Latest Practicable Date, the Offeror has no intention (i) to discontinue the employment of the existing management and employees of the Group; (ii) to redeploy the fixed assets of the Company other than those in its ordinary and usual course of business; (iii) for the Group to acquire any new business or asset; or (iv) for the Group to dispose of any of its existing business or asset. However, the Offeror does not rule out the possibility of any of the foregoing following completion of the strategic review. As advised by the Management, save for the above, the Management is not aware of any proposed change in the composition of the Board and the remaining Directors and senior management of the Group will be responsible for carrying on the existing businesses of the Group. As such, we consider the proposed change to the members of the Board will not have a material impact on the existing operation of the Group.

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## LETTER FROM ASIAN CAPITAL

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*(iv) Public float and listing status of the Company*

The Offeror intends to maintain the listing of the Shares on the Stock Exchange following the close of the Offers.

Ms. Wang Laichun, the sole director of the Offeror and as the new Director to be appointed to the Board, has undertaken to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares following the close of the Offers. The Offeror considers that the appropriate actions to be taken after the close of the Offers shall include placing down of sufficient number of accepted Shares by the Offeror and/or issue of additional Shares by the Company for this purpose. The Company and the Offeror will issue a separate announcement as and when necessary in this regard.

Based on the above information, having considered that (i) Luxshare Precision is a well-known and reputable electronic component manufacturers with strong international presence; (ii) the Company will be able to take advantage of the strategic alliance between the Offeror and the Company and benefit from development and synergy in the fields of consumer electronics, communications, healthcare, automobile industry with Luxshare Precision; (iii) it is the intention of the Offeror that the Group's existing principal activities will be maintained after the close of the Offers; and (iv) the managerial experience of the new Director to be appointed by the Offeror, Luxshare Precision may be beneficial to the business development of the Group.

It should be noted that the background of Ms. Wang Laichun (with experience in electronics industry in general) may not be entirely relevant to the current business of the Group (i.e. manufacture and sales of cable assembly and digital cable products) and she is nominated to be the non-executive Director. We understand her future roles and responsibilities as the non-executive Director will initially focus on the overall strategic management and corporate management, while the executive Directors remain in the Board will continue to be responsible for overseeing the Group's operations. While her appointment may be beneficial to the Company by enriching the Board's managerial expertise, her impact to the Company's future development strategy is remained to be seen as the Offeror's strategy review is still ongoing. Given there will be changes in the Board composition after the Offers, Offer Shareholders and Offer Optionholders should conduct your own assessments on the background of the Offeror, its intention to the development of the Group and the appointment of Ms. Wang Laichun as the new Director as stated in the "Letter from CICC" to the Composite Document, your investment objective and criteria, if you choose to remain as the Shareholders of the Company.

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## LETTER FROM ASIAN CAPITAL

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### 3. Evaluation of the Offer Price

#### 3.1 Share Offer

(i) *Share Offer Price comparisons*

The Share Offer Price of HK\$0.80 per Offer Share represents:

- (i) a discount of approximately 17.53% to the closing price of HK\$0.97 per Share as quoted on the Stock Exchange on 31 January 2022, being the last Business Day prior to the commencement of the Offer Period;
- (ii) a discount of approximately 1.23% to the closing price of HK\$0.81 per Share as quoted on the Stock Exchange on 11 February 2022, being the Last Trading Day;
- (iii) a discount of approximately 7.83% to the average closing price of HK\$0.87 per Share as quoted on the Stock Exchange for the five consecutive trading days immediately prior to and including the Last Trading Day;
- (iv) a discount of approximately 4.42% to the average closing price of HK\$0.84 per Share as quoted on the Stock Exchange for the ten consecutive trading days immediately prior to and including the Last Trading Day;
- (v) a premium of approximately 1.78% over the average closing price of HK\$0.79 per Share as quoted on the Stock Exchange for the 30 consecutive trading days immediately prior to and including the Last Trading Day;
- (vi) a premium of approximately 23.12% over the average closing price of HK\$0.65 per Share as quoted on the Stock Exchange for the 90 consecutive trading days immediately prior to and including the Last Trading Day;
- (vii) a discount of approximately 33.33% to the closing price of the Shares as quoted on the Stock Exchange on the Latest Practicable Date of HK\$1.20 per Share;
- (viii) a premium of approximately 73.54% over the audited consolidated net assets per Share of approximately HK\$0.461 as at 31 March 2021, calculated based on the Group's audited consolidated net assets attributable to the Shareholders of approximately HK\$852,474,000 as at 31 March 2021 and 1,848,040,000 Shares in issue as at the date of the Announcement; and

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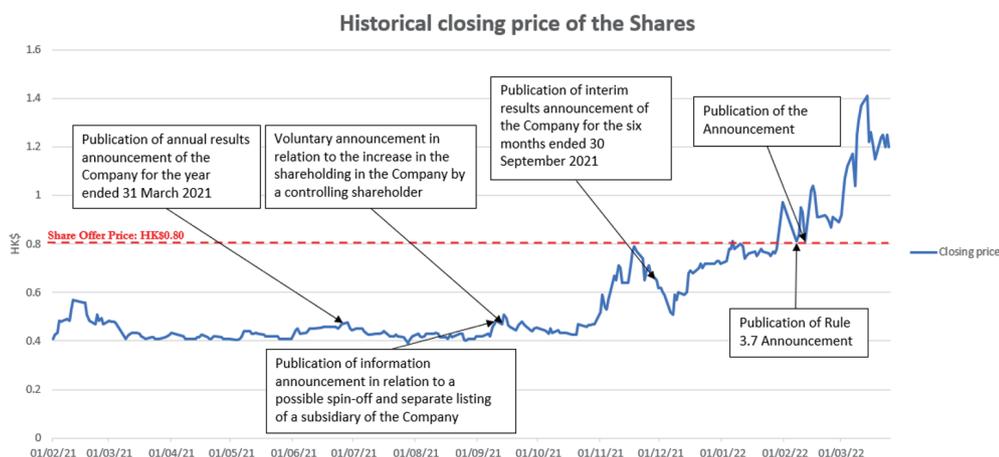
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- (ix) a premium of approximately 59.05% over the unaudited consolidated net assets per Share of approximately HK\$0.503 as at 30 September 2021, calculated based on the Group's unaudited consolidated net assets attributable to the Shareholders of approximately HK\$930,280,000 as at 30 September 2021 and 1,848,040,000 Shares in issue as at the date of the Announcement.

As shown above, the Share Offer Price represents (i) discount to the closing prices of the Shares as quoted on the Stock Exchange on the Last Trading Date and on the Latest Practicable Date and the average closing price per Share based on the daily closing prices as quoted on the Stock Exchange for the five and ten consecutive trading days immediately prior to and including the Last Trading Day; (ii) premium over the average closing price per Share based on the daily closing prices as quoted on the Stock Exchange for the 30 and 90 consecutive trading days immediately prior to and including the Last Trading Day; and (iii) substantial premium over the unaudited and audited consolidated net asset value of the Group attributable to the Shareholders per Share.

(ii) *Historical price performance of the Shares*

The chart below depicts the closing prices of the Shares traded on the Stock Exchange from 1 February 2021, being the date falling approximately 12 months preceding the Last Trading Day, up to and including the Latest Practicable Date (the “**Review Period**”).



Source: [www.hkex.com.hk](http://www.hkex.com.hk)

During the period from 1 February 2021 to the Last Trading Day (the “**Pre-Announcement Period**”), the Shares closed between HK\$0.39 and HK\$0.97. The closing prices of the Shares were lower than the Share Offer Price of HK\$0.80 in 246 trading days out of the 253 trading days during the Pre-Announcement Period. The Share Offer Price represents a premium of approximately 56.9% over the average closing price of approximately HK\$0.51 per Share during the Pre-Announcement Period.

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## LETTER FROM ASIAN CAPITAL

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In particular, from 1 February 2021 to 30 January 2022, the Shares closed between HK\$0.39 to HK\$0.81 per Share. Over this period of time, there was only one (1) trading day (i.e. 6 January 2022) which the Shares closed above the Share Offer Price. We noted that during the said period, the Company released (i) its annual results for the year ended 31 March 2021 on 28 June 2021; (ii) an announcement in relation to a possible spin-off and separate listing of a subsidiary of the Company on 9 September 2021; (iii) an announcement in relation to increase in the shareholdings of the Company by its controlling shareholder on 13 September 2021; and (iv) its interim results for the six months ended 30 September 2021 on 29 November 2021. Apart from the above, based on our review of the Company's announcements released during the said period and our enquiry with the Management, we are not aware of any particular incidents that may have significant impact to the closing price of the Shares.

On 31 January 2022, trading price of the Shares rose by 24.4% from its previous trading day closing price, from HK\$0.78 to HK\$0.97 per Share, which prompted the Company releasing an announcement in relation to unusual price and trading volume movements on 7 February 2022 (the "**Rule 3.7 Announcement**").

Since then, from 7 February 2022 to the Last Trading Day, and up to the Latest Practicable Date, the Shares closed between HK\$0.81 to HK\$1.41 per Share with a general upward price trend. In this regard, we are of the view that the price trend of the Shares during the said period reflected the market speculation to the transaction after the release of the Rule 3.7 Announcement. As such, we consider that the increase in the Share price after the publication of the Rule 3.7 Announcement and the Announcement reflected the market speculation of the potential favourable effects of the Offers.

In this regard, we (i) are of the opinion that the price performance of the Shares during this period of time was resulted from the market reaction to the Offers which were not possibly known to the Offeror and the Sellers at the time when the Share Offer Price was determined; (ii) note that the Share Offer Price was only the transaction price of the Shares agreed between the Offeror and the Sellers (with no issue of new Shares is involved); and (iii) consider that while the Sellers' decision to sell their stake in the Company might be partly influenced by their individual financial circumstances, the selling price that the Sellers (who have been the Director and/or controlling Shareholders of the Company since the Company first being listed on the Stock Exchange and are reasonably expected to have a more in-depth understanding and knowledge of the Company as compared to public Shareholders) agreed to (i.e. the Share Offer Price) should at least in certain extent reflect the Sellers' view on the Company's business operations and prospects, which should be considered in conjunction with the price performance of the Shares after the release of the Announcement. Based on the foregoing, we are of the view that the discount of the Share Offer Price to the closing price of the Shares after the release of the Announcement only reflects the market reacts more positive to the transaction than the Sellers (whom agreed to sell their shareholdings in the Company at the Share Offer Price), but in no way indicates the transaction and/or the Offers is detrimental to the interests of the Company and its Shareholders at a whole (as

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## LETTER FROM ASIAN CAPITAL

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the Company does not issue any new shares at the Share Offer Price throughout the transaction). Furthermore, there may or may not be potential synergy effects to the Company's future prospect as mentioned in previous section and therefore there is no guarantee that the closing price of the Shares will remain at the current level or continue to rise during and/or after the Offer Period

As (i) there are no particular incidents and/or announcement(s) of the Company that may have significant impact to the closing price of the Shares after the publication of the Announcement; (ii) there's no material change to the fundamentals of the Company, in particular, its capital structure, its business operation, its cashflow position and any material change to the assets and liabilities level of the Group; and (iii) the price performance of the Shares after the publication of the Announcement was resulted from the market reaction to the Offers which were not possibly known to the Offeror and the Sellers at the time when the Share Offer Price was determined (as discussed earlier), while the Shares have been trading at a level above the Share Offer Price after the release of the Announcement, such upward trend only reflected the market speculation towards the Offers and the prospect of the Offeror and therefore we are of the view that the comparison of the Share Offer Price against the Share prices before publication of the Announcement would be more appropriate in formulating our recommendation on whether the Offers are fair and reasonable as far as the Offer Shareholders and the Offer Optionholders are concerned.

We noted that the average of the closing prices of the Shares during the Pre-Announcement Period and the period after the Last Trading Day and up to the Latest Practicable Date were approximately HK\$0.51 per Share and HK\$1.10 per Share respectively.

While the Share Offer Price represents a discount to the closing price of the Shares as quoted on the Stock Exchange on the Last Trading Date and the average closing price per Share based on the daily closing prices as quoted on the Stock Exchange for the five and ten consecutive trading days immediately prior to and including the Last Trading Day, it should be noted that the closing prices of the Shares were trading below the Share Offer Price for 246 out of the 253 trading days during the Pre-Announcement Period. In addition, it should be noted that (i) the Share Offer Price is at a premium over the average closing prices of the Shares over the Review Period (i.e. HK\$0.575) and is at a premium over the net asset value per Share as at 31 March 2021 and 30 September 2021; and (ii) the closing prices of the Shares were trading below the net asset value per Share as at 31 March 2021 and 30 September 2021 for 146 out of the 253 trading days and 176 out of the 253 trading days during the Pre-Announcement Period, respectively.

Save for above, we did not notice any other announcements of the Company during the Review Period which may have correlation to the share price movement shown in the chart above.

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## LETTER FROM ASIAN CAPITAL

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Taking into account that (i) the premium of the Share Offer Price over the net asset value per Share of approximately 73.54% and 59.05% as at 31 March 2021 and 30 September 2021 respectively; (b) the premium of the Share Offer Price over the average of the closing prices of the Shares during the Pre-Announcement Period; (c) the closing prices of the Shares were trading below the Share Offer Price for 246 out of the 253 trading days during the Pre-Announcement Period; and (d) as there's no material change to the fundamental of the Company after the release of the Announcement, the price performance of the Shares (being trading at a level above the Share Offer Price) after the release of the Announcement only reflected the market speculation towards the Offers and the prospect of the Offeror, we consider that, in comparison with the historical closing prices of the Shares, the Share Offer Price is fair and reasonable so far as the Offer Shareholders are concerned.

**Shareholders should note that there is no assurance that the closing price of the Shares will remain at the current level or continue to rise after the close of the Offers. The information set out above is not an indicator of the future performance of the Shares, and that the price of the Shares may increase or decrease from its closing price as at the Latest Practicable Date.**

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## LETTER FROM ASIAN CAPITAL

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### (iii) Trading Liquidity

The following table set out the total trading volumes of the Shares and the average daily trading volume of the Shares for each month or period and the percentages of such average daily trading volume to the total number of Shares in issue and held by the public during the Review Period:

Month	Total trading volume	Average daily trading volume <i>Note 1</i>	% of the average daily trading volume to total number of issued Shares as at the end of the relevant month/period <i>Note 2</i>	% of the average daily trading volume to total number of issued Shares held by public Shareholders as at the end of the relevant month/period <i>Note 3</i>	Number of trading days in each month/period
<b>2021</b>					
February	125,936,316	6,996,462	0.3802%	1.5195%	18
March	30,408,000	1,322,087	0.0718%	0.2871%	23
April	20,314,718	1,069,196	0.0581%	0.2322%	19
May	19,000,000	950,000	0.0516%	0.2063%	20
June	39,438,000	1,878,000	0.1020%	0.4079%	21
July	24,594,000	1,171,143	0.0636%	0.2544%	21
August	24,816,000	1,128,000	0.0613%	0.2450%	22
September	109,616,000	5,219,810	0.2836%	1.1337%	21
October	34,706,690	1,928,149	0.1048%	0.4188%	18
November	421,700,166	19,168,189	1.0395%	4.1312%	22
December	175,396,590	7,972,572	0.4322%	1.7163%	22
<b>2022</b>					
January	217,776,000	10,370,286	0.5612%	2.2157%	21
February (up to the Last Trading Day) <i>Note 4</i>	236,416,000	47,283,200	2.5221%	9.5566%	5
February (14 February 2022 up to 28 February 2022)	249,798,000	22,708,909	1.2113%	4.5898%	11
March (up to the Latest Practicable Date)	404,968,550	21,314,134	1.0953%	3.7661%	19

*Notes:*

1. Average daily trading volume is calculated by dividing the total trading volume of the Shares for the month/period by the number of trading days during the month/period.

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2. The calculation is based on the average daily trading volumes of the Shares divided by the total issued share capital of the Company at the end of each month or as at the Latest Practicable Date, as applicable.
3. The total number of Shares held by the public is calculated based on the number of total issued Shares held by public Shareholders of as at the end of each month or as at the Latest Practicable Date, as applicable.
4. Trading in the Shares was halted on 4 February 2022.

As illustrated above, the trading volume of the Shares was relatively thin prior to the publication of the Rule 3.7 Announcement. During the Review Period, the average daily trading volume of the Shares as a percentage of the total issued Shares ranged from approximately 0.0516% to approximately 1.0395%, and the average daily trading volume of the Shares as a percentage of public float of the Company ranged from approximately 0.2063% to approximately 4.1312% prior to the publication of the Rule 3.7 Announcement. As shown in the above table, prior to the publication of the Rule 3.7 Announcement, the highest average daily trading volume of the Shares was observed in November 2021, with monthly average daily trading volume of the Shares as a percentage of the total issued Shares and as a percentage of public float of the Company of approximately 1.0395% and 4.1312% respectively. We are of the view that such market reaction is likely to be in response to the market expectation prior to the publication of the interim results announcement of the Company for the six months ended 30 September 2021 and the Company's announcement in relation to the distribution of the interim dividend.

It was further observed that the average daily trading volume of the Shares was relatively higher in February, September and December 2021 and January 2022, with monthly average daily trading volume of the Shares as a percentage of the total issued Shares and as a percentage of public float of the Company of approximately 0.3802% and 1.5195%, approximately 0.2836% and 1.1337%, approximately 0.4322% and 1.7163% and approximately 0.5612% and 2.2157%, respectively. We are of the view that such market reaction is likely to be the market response to the publication of the positive profit alert announcement of the Company on 22 February 2021, the inside information announcement of the Company in relation to a possible spin-off and separate listing of a subsidiary of the Company and the interim results announcement of the Company for the six months ended 30 September 2021.

The trading of the Shares increased substantially after the publication of the Rule 3.7 Announcement on 7 February 2022 and the trading volume of the Shares remained at a relatively high level up to the Latest Practicable Date, with the monthly average daily trading volume of the Shares as a percentage of the total issued Shares ranged from approximately 1.0953% to approximately 2.5221%, and the average daily trading volume of the Shares as a percentage of public float of the Company ranged from approximately 3.7661% to approximately 9.5566% during such period. We are of the view that the market reaction is likely to be in response to the publication of the Rule 3.7 Announcement and the Announcement.

## LETTER FROM ASIAN CAPITAL

Taking into consideration that the trading volume of the Shares was relatively thin in general during the Review Period, it is uncertain that the overall liquidity of the Shares could be maintained in near future and that there would be sufficient liquidity in the Shares for the Offer Shareholders to dispose of a significant number of Shares in the open market, especially those with large volume of Shares, without exerting a downward pressure on the Share price. The Offers provide an opportunity for the Offer Shareholders to dispose of their shareholdings, especially for those holding a large block of the Shares, at the Share Offer Price if they wish to realise their investments.

### *(iv) Market comparable analysis*

To further assess the fairness and reasonableness of the Share Offer Price, we have performed a comparable analysis by using equity value multiples, namely, price-to-earnings ratio (“**P/E Ratio(s)**”), and price-to-book ratio (the “**P/B Ratio(s)**”) price-to-sale (the “**P/S Ratio(s)**”), which are the three most commonly used benchmarks in assessing the financial valuation of a company as the data for calculating the ratios can be obtained fairly and directly from publicly available information and reflect the value of company determined by the open market. Since the Company is profit making with relatively stable revenue, both P/E Ratio and P/S Ratio are appropriate valuation methods. Furthermore, tangible assets of the Company represent over 80% of its total assets as at 30 September 2021, therefore P/B Ratio is also an appropriate valuation method.

To the best of our knowledge, we have identified an exhaustive list of seven companies (the “**Comparable Companies**”) listed on the Main Board and GEM of the Stock Exchange, which are principally engaged in the same sector on telecommunication and networking equipment and where their revenue are derived from business activities similar to the Group, relating to the manufacturing and sale of copper cables and/or optical fibre cables and cable assembly products (i.e. representing over 75% of the total revenue according to their latest published audited annual financial results prior to the Last Trading Day). Details of the Comparable Companies are set out below:

Company name (stock code)	Principal activities	Last Trading Day (HK\$)	Premium or (discount) over/to the net asset value Closing share price as at the Last Trading Day	ratio as per the latest financial results published prior to the Last Trading Day	Debt to equity ratio as per the latest financial results published prior to the Last Trading Day	Market capitalization on the Last Trading Day (HK\$) (Note 1)	P/E Ratio (Note 2)	P/B Ratio (Note 3)	P/S Ratio (Note 4)
Hengxin Technology Limited (1085)	Manufacturing and sales of radio frequency coaxial cables, telecommunication equipment and accessories	3.83	(14.13%)	0.17	1,486,040,000	20.20	0.71	1.09	

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Company name (stock code)	Principal activities	Debt to equity			Market capitalization on the Last Trading Day (HK\$) (Note 1)	P/E Ratio (Note 2)	P/B Ratio (Note 3)	P/S Ratio (Note 4)
		Closing share price as at the Last Trading Day (HK\$)	Premium or (discount) over/to the net asset value per share as per the latest financial results published prior to the Last Trading Day	ratio as per the latest financial results published prior to the Trading Day				
Chengdu PUTIAN Telecommunications Cable Company Limited (1202)	Manufacturing and sales of various types of telecommunication cables and optical fibers.	1.39	(38.50%)	0.01	556,000,000	N/A	0.58	1.11
Trigiant Group Limited (1300)	Manufacturing and sales of feeder cable series, optical fibre cable series and related products, flame- retardant flexible cable series, new-type electronic components and others for mobile communication and telecommunication equipment.	0.54	(76.61%)	0.42	967,410,000	N/A	0.23	0.28
Nanfeng Communication Holdings Limited (1617)	Manufacturing and sales of optical fibre cables and optical distribution network devices	0.124	(80.04%)	0.33	183,321,600	N/A	0.20	0.40
Putian Communication Group Limited (1720)	Production and sales of optical fiber cables, communication copper cables and structured cabling system products	0.305	(45.92%)	0.53	335,500,000	8.66	0.54	0.51
Yangtze Optical Fibre and Cable Joint Stock Limited Company (6869)	Research, development, production and sales of optical fiber preforms, optical fibers, optical cables and related products	11.68	(21.16%)	0.34	8,852,331,661	13.57	0.79	0.90
Transtech Optelecom Science Holdings Ltd (9963)	Manufacturing and sales of optical fibre and optical fibre cable	1.19	(55.54%)	0.08	309,400,000	10.96	0.45	1.18

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Company name (stock code)	Principal activities	Last Trading Day (HK\$)	Premium or (discount) over/to the net asset value Closing share price as at the Last Trading Day	Debt to equity ratio as per the latest financial results published prior to the Last Trading Day	Market capitalization on the Last Trading Day (HK\$) <i>(Note 1)</i>	P/E Ratio <i>(Note 2)</i>	P/B Ratio <i>(Note 3)</i>	P/S Ratio <i>(Note 4)</i>
					Maximum:	20.20	0.79	1.18
					Minimum:	8.66	0.20	0.28
					Mean:	13.35	0.50	0.78
					Median:	12.26	0.54	0.90
The Company (1729) (Share Offer Price)	Manufacturing and trading of cable assembly products and digital cable products	0.80	59.05%	1.20	1,478,432,000 <i>(Note 5)</i>	6.53 <i>(Note 6)</i>	1.59 <i>(Note 7)</i>	0.49 <i>(Note 8)</i>

*Notes:*

- The market capitalization of the Comparable Companies are derived from the total number of shares (as disclosed in the latest monthly return or relevant disclosures) multiplied by the closing share price quoted on the Stock Exchange as at the Last Trading Day.
- The P/E Ratio is derived from dividing the respective market capitalization as at the Last Trading Day by the respective profit attributable to the owners of the company as extracted from the latest audited annual results published prior to the Last Trading Day. Comparable Companies which recorded a net loss attributable to the owners of the company will be shown as "N/A".
- The P/B Ratio is derived from dividing the respective market capitalization as at the Last Trading Day by the respective consolidated equity attributable to the owners of the company as extracted from the latest annual or interim results published prior to the Last Trading Day.
- The P/S Ratio is derived from dividing the respective market capitalization as at the Last Trading Day by the respective revenue recorded by the company as extracted from the latest audited annual results published prior to the Last Trading Day.
- The implied market capitalization of the Company is derived from multiplying the total number of issued Shares as at the Last Trading Day of 1,584,000,000 by the Share Offer Price of HK\$0.80 per Offer Share.
- The implied P/E Ratio is derived from dividing the implied market capitalization as described in Note 5 above divided by the profit attributable to the owners of the Company as extracted from the 2021 Annual Report.
- The implied P/B Ratio is derived from dividing the implied market capitalization as described in Note 5 above divided by the consolidated equity attributable to the owners of the Company as extracted from the 2022 Interim Report.

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8. The implied P/S Ratio is derived from dividing the implied market capitalization as described in Note 5 above divided by the revenue recorded by the Company as extracted from the 2021 Annual Report.

We notice that the Company covers a wide range of geographical markets, with 50% of the Group's revenue derived from PRC (including Hong Kong) and the rest from all over the world, including U.S., Netherlands, Singapore etc. Transtech Optelecom Science Holdings Limited is the only Comparable Company which has a similar geographical coverage as the Company, with over 40% of its revenue derived from PRC (including Hong Kong) and the rest from all over the world, including Thailand, Singapore etc. The revenue of the rest of the Comparable Companies mostly derived from PRC. Although the market capitalisation, scale of operation (including geographical coverage) and capital structure of the Company may be different from those of the Comparable Companies as stated in the table above, we still consider selection of the Comparable Companies are fair and representative given that (a) the Comparable Companies and the Group are principally engaged in the same sector with similar business activities; (b) they are all listed companies; (c) the aforesaid criteria allow us to identify a sufficient number of samples with businesses comparable to that of the Group for comparison purpose; and (d) no other companies with market capitalisation comparable to that of the Company can be identified.

### *P/E Ratio*

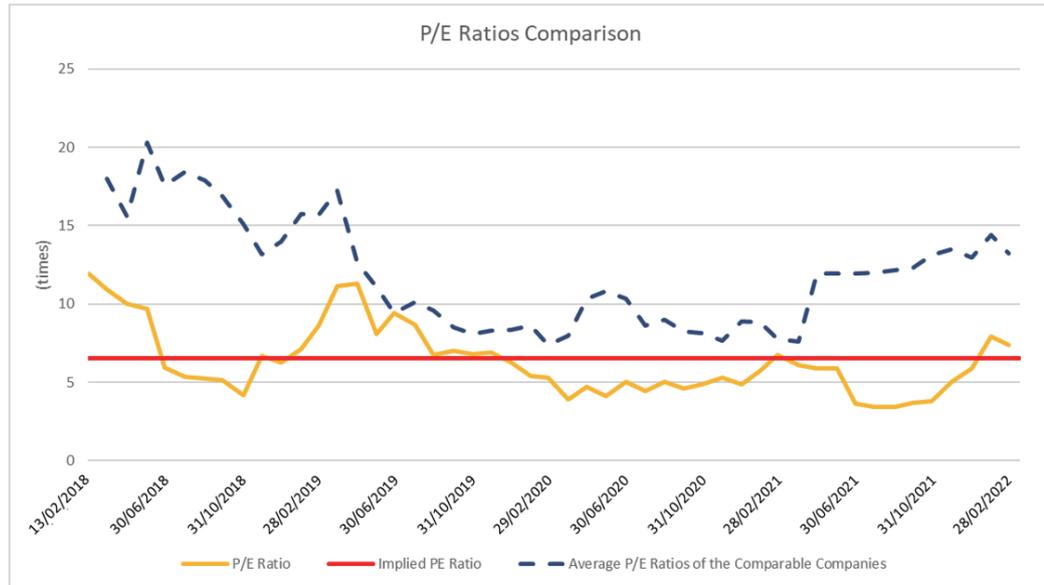
Upon comparison, we noted that three out of the seven comparable companies recorded a net loss for the year leading to a non-applicable P/E Ratios, while the P/E Ratio implied by the Share Offer Price (the "**Implied P/E Ratio**") of approximately 6.53 times is below the minimum of P/E Ratios presented by remaining four Comparable Companies.

In this regard, we further reviewed (i) the historical P/E Ratios of the Company since its listing (i.e. 13 February 2018); and (ii) the earnings adopted in the Implied P/E Ratio computation. The chart below depicts (i) the Share Offer Price; (ii) the average P/E Ratios of the Comparable Companies; and (iii) the Company's P/E Ratios, by the end of each calendar month since its listing, up to 28 February 2022.

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Note:–

The Company's P/E Ratio used in the above chart was computed by dividing the Company's market capitalisation for each of the relevant dates by the Company's latest published net profits for the year available at each of the relevant dates. The Company's market capitalisation for each of the relevant dates was computed by multiplying the closing price of the Shares and the number of outstanding Shares of each of the relevant dates.

Our observations on the Company's historical P/E Ratio are as follows:

- (i) The average of the Company's historical P/E Ratio shown in the chart above (i.e. 6.36) is slightly below the Implied P/E Ratio (i.e. 6.53);
- (ii) The average of the Company's historical P/E Ratio shown in the chart above (i.e. 6.36) is lower than the minimum P/E Ratio of the Comparable Companies (i.e. 8.66) shown in the table on pages 56 to 58 of the Composite Document;
- (iii) The Company's highest P/E Ratio since its listing (i.e. 11.94) is lower than the average of the P/E Ratio of the Comparable Companies (i.e. 13.35) shown in the table on pages 56 to 58 of the Composite Document; and
- (iv) The Company's recent P/E Ratios are generally lower than the Implied P/E Ratio computed based on the Share Offer Price. Since January 2020, there were only four observations, out of 27 observations, that the Company's historical P/E Ratio is higher than the Implied P/E Ratio computed based on the Share Offer Price.

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Based on the above, we are of the view that (i) the Shares have been mostly trading at P/E Ratios lower than the Comparable Companies for a prolonged period of time (which may be due to market perceptions and/or expectations specifically about the Company, including but not limited to those relating to growth prospects, management style and current/future dividend policy); and (ii) the Implied P/E Ratio is closer to the Company's historical P/E Ratios than the P/E Ratios of the Comparable Companies. In view of the material difference between the P/E Ratios of the Comparable Companies and that of the Company, we are of the view that market comparable analysis on the P/E Ratios should only be considered as reference only for the purpose of formulating our recommendation in this letter.

Furthermore, we noted that the net profit used in the Implied P/E Ratios computation (i.e. the Group's net profit for the year ended 31 March 2021) is substantially higher than those for prior years. At the same time, our review on the Group's interim results for the six months ended 30 September 2021 suggests that there are uncertainties in the growth in the Company's net profit (for further details, please refer to the section headed "Background Information of the Group – (v) Profitability since the Company's listing"). These may affect the Company's valuation as there might be market perception that views the net profit used in the Implied P/E Ratio's computation (i.e. the Group's net profit for the year ended 31 March 2021) are inconsistent with the Company's long-term growth trend.

### *P/B Ratio*

Apart from our review of the Implied P/E Ratio, which concerns the Company's valuation based on the profitability of the Company and the Comparable Companies, we also conducted a review of the price-to-book ratio (the "P/B Ratio") of the Company and the Comparable Companies in order to compare their valuation against their respective net asset value, being their shareholders' capital deployed to support their business operations. Generally speaking, the P/B Ratio is determined by (i) the nature of business (i.e. capital-intensive industries usually exhibit lower P/B Ratios); and (ii) the efficiency of capital utilisation.

We noted that the P/B Ratio implied by the Share Offer Price (the "**Implied P/B Ratio**") of approximately 1.59 times is higher than the maximum of the P/B Ratios presented by the Comparable Companies, implying that the Share Offer Price gives a more favourable valuation from the Comparable Companies analysis perspective.

Further analysis was performed to understand the reason why the Implied P/B Ratio is higher than the P/B Ratios of all the Comparable Companies. We noted that the debt-to-equity ratio of the Company is the highest as compared to that of the Comparable Companies, which means that the Company proportionally requires least quantum of shareholders' capital to support its business operations when compared to the Comparable Companies by the use of debts. After considering the Company's ability to enhance its

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capital utilisation by the use of debts, we are of the view that the difference in capital structure (i.e. debt-to-equity ratio) may in certain extent explain the difference between the Implied P/B Ratio and the P/B Ratios of the Comparable Companies.

Further, it should be noted that, as at the Last Trading Day, all Comparable Companies have been trading at a discount to the net asset value per share, whereas the Share Offer Price represents premium over the consolidated net assets per Share as at 31 March 2021 and 30 September 2021. However, there are limitations to the results of such analysis as there are other factors that may affect the stock price performance of the Comparable Companies and we have only analysed the effect at a point in time.

### *P/S Ratio*

As our review on the P/E Ratio of the Company and the Comparable Companies is hindered by the fact that three out of the seven comparable companies recorded a net loss for the year, leading to a non-applicable P/E Ratios, we further conducted a review of the price-to-sale ratio (the “P/S Ratio”) of the Company and the Comparable Companies in order to compare their valuation against their revenue, a proxy to illustrate their respective size of operations. The P/S Ratio is usually adopted in comparative valuation, as an alternative to the P/E Ratio, when companies in concern are not able to generate profits during the period under review, or suffers from temporary setback. In this case, we note that two out of the three loss-making comparable companies only turned into losses in their latest financial year, and both of which quoted the COVID-19 as the main reason for incurring losses. In view of such, we consider applying the P/S Ratio as an alternative valuation indicator is fair and appropriate.

We noted that the P/S Ratio implied by the Share Offer Price (the “**Implied P/S Ratio**”) of approximately 0.49 times falls within the range of P/S Ratios presented by the Comparable Companies and below the mean and median of the P/S Ratios presented by the Comparable Companies. The Implied P/S Ratio exhibits the Company’s valuation is closer to the average of the Comparable Companies, when compared to the Implied P/E Ratio.

Further analysis was performed to understand the reason why the Implied P/S Ratio is lower than the average of the Comparable Companies. As discussed in the section headed “Background Information of the Group – (ii) Financial results of the Group – 1H2021 vs 1H2022” above, based on the existing quotation mechanism that the Group has been using with its customers, the selling price will be automatically adjusted with the price of copper and directly passes through to customers. In situation of rising copper price, the Company, with the help of this pricing mechanism, can generate higher level of revenue for the same level of operations and production, when compared with its competitors that do not have a pricing mechanism that enables them to fully or partly transfer the increase of raw material costs to their customers. As such, since the Company is able to generate higher level of revenue if it operates under similar size of operations when compared to its competitors, it can be intuitively expected that the Company should

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exhibit lower-than-average P/S Ratio with a proportionally higher level of sales. Based on our review of the financial statements of the Comparable Companies, we noted that while none of the Comparable Companies disclosed that they had pricing mechanism in place which is similar to that of the Company, some of the Comparable Companies in fact disclosed in their financial statements that the increase in costs cannot be covered by increase in sale price. In view of the above, we are of the view that the difference in pricing mechanism may in certain extent explain the difference between the Implied P/S Ratio and the P/S Ratios of the Comparable Companies

It should be noted that the Shares have been trading at a low P/E Ratios for a prolonged period of time with the Implied P/E Ratio below the minimum of P/E Ratios of the Comparable Companies and the Implied P/S Ratio towards the lower range of the Comparable Companies, suggesting a less favourable valuation from Comparable Companies analysis perspective (which may have been affected by the copper price adjustment mechanism of the Company as discussed above in this section). However, the Implied P/B Ratio is higher than the range of P/B Ratios presented by the Comparable Companies on the other hand (which may have been affected by the difference in capital structure as discussed above in this section) which yields a completely different result. Given the foregoing, while the selection of Comparable Companies is fair and representative, the results of the Comparable Companies comparison may not be most indicative comparison in assessing the Share Offer Price due to the aforementioned insufficient information and inconclusive results. As such, the Comparable Companies comparison above should serve as an additional reference for Offer Shareholders and Offer Optionholders when considering the Offers and is for illustrative purposes only.

While we have also attempted to compare the terms of the Offer with offers for other listed companies, those listed companies identified are engaged in different business and/or have different financial performance from the Company, and thus we consider that no meaningful comparable analysis can be conducted in this regard.

### **3.2 Option Offer**

As at the Latest Practicable Date, there were 45,296,000 outstanding Options which, if vested, will confer rights on the Optionholders to subscribe for up to an aggregate of 504,000 Shares at an exercise price of HK\$0.349 per Share, and 44,792,000 Shares at an exercise price of HK\$0.320 per Share.

Pursuant to Rule 13.5 of the Takeovers Code and Practice Note 6 of the Takeovers Code, the Option Offer to cancel each Option is calculated on a see-through basis, so that the Option Offer Price would represent the difference between the exercise price for each Option and the Share Offer Price, which is in line with the normal practice. We note that the current Option Offer Price is derived based on the “see-through” principle, which is in accordance with the general practice. On this basis, we are of the view that the Option Offer at the Option Offer Price is fair and reasonable.

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## LETTER FROM ASIAN CAPITAL

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### RECOMMENDATION

In arriving at our recommendations in respect of the Offers, we have considered the above-mentioned principal factors and reasons, in particular the followings:

- (i) while the Group's businesses had been profitable in FY2020 and FY2021, the Group's profits before tax for 1H2022 decreased by approximately 14.4% when compared with that for 1H2021 (excluding the one-off withholding tax expenses incurred as discussed in the section headed "Background Information of the Group – (ii) Financial results of the Group – 1H2021 vs 1H2022" above). Further, as no plan for future cooperation has been laid out or disclosed by the Offeror as at the Latest Practicable Date, it is uncertain whether there will be any synergy effects between the Group and the Offeror. In view of the opportunities and challenges lying ahead of the Group coupling with the potential impacts brought forward by COVID-19 to the global economy, in particular (i) there is no assurance that positive impact brought about from the pandemic will subsist in the future and (ii) the potential adverse impact (such as potential continuous surge in transportation costs and freight delays and also obstruction to the Group shipments) amid the pandemic which has been limiting the business growth of the Company (all of which has been discussed in the paragraphs headed "Background Information of the Group – (iv) Outlook & (v) Profitability since the Company's listing" above), there is uncertainty as to the prospects and outlook of the business of the Group;
- (ii) the Share Offer Price of HK\$0.80 per Offer Share is at a premium over the average market price of the Shares of HK\$0.575 during the Review Period, in particular is at a premium of 56.9% over the average closing price of approximately HK\$0.51 per Share during the Pre-Announcement Period and the closing prices of the Shares were trading below the Share Offer Price for 246 out of the 253 trading days during the Pre-Announcement Period and we are of the view that as there's no change to the fundamental of the Company, the price performance of the Shares (being trading at a level above the Share Offer Price) after the release of the Announcement only reflected the market speculation towards the Offers and the prospect of the Offeror; and
- (iii) the Share Offer Price of HK\$0.80 per Offer Share represents a premium of 73.54% and 59.05% over the consolidated net assets per Share as at 31 March 2021 and 30 September 2021 respectively;

Based on the foregoing, we consider that the terms of the Offers (being the Share Offer and Option Offer) are fair and reasonable so far as the Offer Shareholders and Offer Optionholders are concerned. Accordingly, we recommend that the Independent Board Committee to recommend (i) the Offer Shareholders to accept the Share Offer and (ii) the Offer Optionholders to accept the Option Offer.

While we consider that the terms of the Offers are fair and reasonable so far as the Offer Shareholders and Offer Optionholders are concerned, we noted that the Shares have been trading at a price level above the Share Offer Price up to the Latest Practicable Date. As such, Offer Shareholders

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who intend to accept the Offers are advised to closely monitor the market price and the liquidity of the Shares during the period for the acceptance of the Offers and should consider selling their Shares in the open market, instead of accepting the Offers, if the net proceeds from the sale of such Shares, net of all transaction costs, would be higher than that receivable under the Offers. For Offer Shareholders who are attracted by and confident in the future prospects of the Group, given the background of the Offeror as detailed in the “Letter from CICC” contained in the Composite Document, they may consider to retain their Shares in full or in part. However, Shareholders should be reminded that there is no assurance that the liquidity and/or the closing price of the Shares will remain at the current level or continue after the close of the Offers.

For Offer Shareholders who intend to dispose of large blocks of Shares in the open market, we would also remind them of the possible difficulty in disposing of their Shares in the open market without creating downward pressure on the market prices of the Shares as the liquidity of the Shares during the Review Period has been generally thin.

As different Offer Shareholders and Offer Optionholders would have different investment criteria, objectives, risk preference and tolerance level and/or circumstances, we would recommend any Offer Shareholders and Offer Optionholders 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 before making the decision to, whether or not, accept the Offers or disposing any of their Shares in the open market.

Yours faithfully,  
For and on behalf of  
**Asian Capital Limited**  
**Louis HAU**  
*Executive Director*

*Mr. Louis HAU is a licensed person registered with Securities and Futures Commission of Hong Kong and a responsible officer of Asian Capital Limited, which is licensed under the SFO to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. He has over nine years of experience in corporate finance in Hong Kong.*

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

To accept the Share Offer, you should complete and sign the accompanying WHITE Form of Share Offer Acceptance in accordance with the instructions printed thereon, which instructions form part of the terms of the Share Offer. On the WHITE Form of Share Offer Acceptance, you should insert the total number of Shares for which the Share Offer is accepted. The number of Shares for which the Share Offer is accepted must be the same as the number of Share(s) represented by the certificate(s) of Share(s) tendered for acceptance of the Share Offer. If, on the WHITE Form of Share Offer Acceptance, (i) no number is inserted, (ii) a number inserted is greater than your registered holding of Share(s), or (iii) a number inserted is greater or smaller than that represented by the certificates for those physical certificate of Share(s) tendered for acceptance of the Share Offer and you have signed the form, the form will be returned to you for correction and resubmission. Any corrected form (together with the relevant certificate of Share(s)) must be resubmitted and received by the Registrar on or before the latest time for acceptance of the Share Offer. Your Shares sold to the Offeror by way of acceptance of the Share Offer will be registered under the name of the Offeror or its nominee.

If you wish to accept the Share Offer in respect of such number of Shares that is smaller than the number of Share(s) represented by the certificate(s) of Share(s) held by you, you must lodge the duly completed WHITE Form of Share Offer Acceptance together with the share certificate at the counter of the Registrar at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, and request for splitting of the certificate of Share(s) into two or more certificate(s) of Share(s), with one such certificate being issued representing the number Shares for which you wish to accept the Share Offer and the other certificate(s) of Share(s) issued representing the Shares for which you do not wish to accept the Share Offer, in any event on or before the latest time for acceptance of the Share Offer. The splitting request will only be processed upon the payment of HK\$2.50 (or such higher amount as may be allowed by the Stock Exchange from time to time) for each certificate of Share(s) to be issued. Upon receipt of the said splitting request and the payment therefor, a transfer receipt will be issued to you and you should sign on the transfer receipt. The signed transfer receipt shall be returned to the Registrar, and a copy of the signed transfer receipt will be provided to you. You will be notified by the Registrar in due course to pick up the certificate of Share(s) in respect of the remaining Shares by showing the copy of the signed transfer receipt.

By signing and returning the WHITE Form of Share Offer Acceptance, you warrant to the Offeror, CICC, the Company and parties acting in concert with any of them or any of their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Offers that you have not taken or omitted to take any action which will or may result in any members in the Offeror, the Company, CICC or parties acting in concert with any of them or any of their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Offers acting in breach of the legal or regulatory requirements of any territory in connection with the Share Offer or your acceptance thereof.

If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in your name and you wish to accept the Share Offer, you must send the duly completed and signed WHITE Form of Share Offer 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, in any event no later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and announce with the consent of the Executive.

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 Share Offer in full or in part, you must either:

- (a) 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, and with instructions authorising it to accept the Share Offer on your behalf and requesting it to deliver the WHITE Form of Share Offer Acceptance duly completed 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) for the number of Shares in respect of which you intend to accept the Share Offer to the Registrar; or
- (b) arrange for the Shares to be registered in your name by the Company, through the Registrar, and send the duly completed WHITE Form of Share Offer 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
- (c) if your Shares have been lodged with your licensed securities dealer/registered institution in securities/custodian bank through CCASS, instruct your licensed securities dealer/registered institution in securities/custodian bank to authorise HKSCC Nominees to accept the Share Offer on your behalf on or before the deadline set by HKSCC Nominees. In order to meet the deadline set by HKSCC Nominees, you should check with your licensed securities dealer/registered institution in securities/custodian bank for the timing on processing your instruction, and submit your instruction to your licensed securities dealer/registered institution in securities/custodian bank as required by them; or
- (d) if your Shares have been lodged with your Investor Participant's account maintained with CCASS, authorise your instruction via the CCASS Phone System or CCASS Internet System before the deadline set by HKSCC Nominees.

If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title in respect of your Shares is/are not readily available and/or is/are lost, as the case may be, and you wish to accept the Share Offer, the WHITE Form of Share Offer 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 certificates and/or transfer receipt(s) and/or other document(s) of title in respect of your Shares or that it/they is/are not readily available. If you find such document(s) or if it/they become(s) available, it/they should be forwarded to the Registrar as soon as possible thereafter.

If you have lost your share certificate(s) and/or transfer receipt(s) and/or other document(s) of title in respect of your Shares, you should also write to the Registrar requesting a letter of indemnity which, when completed in accordance with the instructions given, should be returned to the Registrar.

If you have lodged transfer(s) of any of your Shares for registration in your name and have not received your share certificate(s) and you wish to accept the Share Offer, you should nevertheless complete and sign the WHITE Form of Share Offer Acceptance and deliver it to the Registrar together with the transfer receipt(s) duly signed by you. Such action will be deemed to be an irrevocable authority to the Offeror and/or CICC or their respective agent(s) to collect from the Company or the Registrar on your behalf the relevant share certificate(s) when issued and to deliver such share certificate(s) to the Registrar and to authorise and instruct the Registrar to hold such share certificate(s), subject to the terms and conditions of the Share Offer, as if it/they were delivered to the Registrar with the WHITE Form of Share Offer Acceptance.

An acceptance of the Share Offer may not be counted as valid unless:

- (a) it is received by the Registrar on or before 4:00 p.m. on the Closing Date or such time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code, and the Registrar has recorded that such acceptance and any relevant documents required under paragraph (b) below have been so received; and
- (b) the WHITE Form of Share Offer Acceptance is duly completed and signed 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 that/those share certificate(s) is/are not in your name, such other documents (e.g. a duly stamped transfer of the relevant Shares in blank or in favour of the acceptor executed by the registered holder) in order to establish your right to become the registered holder of the relevant Shares; or
  - (ii) from a registered Shareholder or his personal representatives (but only up to the amount of the registered holding and only to the extent that the acceptance relates to the Shares which are not taken into account under the other sub-paragraphs of this paragraph (b)); or
  - (iii) certified by the Registrar or the Stock Exchange.

If the WHITE Form of Share Offer Acceptance is executed by a person other than the registered Shareholder, appropriate documentary evidence of authority (e.g. grant of probate or certified copy of a power of attorney) to the satisfaction of the Registrar must be produced.

No acknowledgment of receipt of any WHITE Form of Share Offer 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. PROCEDURES FOR ACCEPTANCE OF THE OPTION OFFER**

If you accept the Option Offer, you should complete the PINK Form of Option Offer Acceptance in accordance with the instructions printed thereon, which instructions form part of the terms of the Option Offer. On the PINK Form of Option Offer Acceptance, you should insert the total number of Options for which the Option Offer is accepted. The number of Options for which the Option Offer is accepted must be the same as the number of Option(s) represented by the certificate(s) of Option(s) tendered for acceptance of the Option Offer. If, on the PINK Form of Option Offer Acceptance, (i) no number is inserted, (ii) a number inserted is greater than your registered holding of Option(s), or (iii) the number inserted is not the same as that set out in those physical certificate of Option(s) tendered for acceptance of the Option Offer and you have signed this form, this form will be returned to you for correction and resubmission. If you wish to accept the Option Offer in respect of such number of Options that is smaller than the number of Option(s) represented by the certificate(s) of Option(s) held by you, you should contact the HR Director of the Company at Unit 601, Photonics Centre, 2 Science Park East Avenue, Hong Kong Science Park, Shatin, Hong Kong as soon as possible and in any event no less than 3 Business Days prior to the Closing Date to conduct the splitting of the certificate of Option(s) accordingly, prior to returning the PINK Form of Option Offer Acceptance on or before the Closing Date. Any corrected form must be resubmitted and received by the Registrar on or before the latest time of acceptance of the Option Offer.

The completed PINK Form of Option Offer Acceptance should be lodged, together with the relevant certificate(s) of the Options (if applicable) you intend to tender, stating the number of Options in respect of which you intend to accept the Option Offer, with the Registrar as soon as possible and in any event so as to reach the Registrar by not later than 4:00 p.m. on Tuesday, 19 April 2022 or such later time(s) and/or date(s) as may be determined and announced by the Offeror in compliance with the Takeovers Code and approved by the Executive.

If the certificate(s) in respect of your Options (if applicable) is/are not readily available and/or is/are lost, as the case may be, and you wish to accept the Option Offer, the PINK Form of Option Offer Acceptance should nevertheless be completed and delivered to the Registrar together with a letter stating that you have lost one or more of your Option certificate(s) (if applicable) or that it/they is/are not readily available. If you find such document(s) or if it/they become(s) available, it/they should be forwarded to the Company as soon as possible thereafter. If you have lost your Option certificate(s) (if applicable), you should also write to the Registrar requesting a letter of indemnity which, when completed in accordance with the instructions given, should be returned to the Registrar.

In accordance with the terms of the Share Option Scheme, if a general offer is made to all the Shareholders (or all such Shareholders other than the offeror and its concert parties and persons controlled by the offeror) and the offer becomes or is declared unconditional during the option period of an outstanding option, the grantee (or his legal representatives) shall, notwithstanding any terms on which the option was granted, be entitled to exercise the option (including any options that are not yet exercisable or vested) in full (to the extent not already lapsed or exercised) at any time within one month after the date on which the offer becomes or is declared unconditional. If the Option Offer is not accepted, any unexercised Options will lapse after one month from the date on which the Offers become or are declared unconditional.

No stamp duty will be deducted from the amount paid or payable to Optionholders who accept the Option Offer.

No acknowledgment of receipt of any PINK Form of Option Offer Acceptance and/or certificate(s) of the Options (if applicable) will be given.

References to the Offers in this Composite Document and in the Forms of Acceptance shall include any extension and/or revision thereof.

In making their decision, the Optionholders must rely on their own examination of the Group and the terms of the Option Offer, respectively, including the merits and risks involved. The contents of this Composite Document, including any general advice or recommendation contained herein together with the Forms of Acceptance, shall not be construed as any legal or business advice on the part of any of the Offeror, the Company, CICC, Independent Financial Adviser, or their respective professional advisers. Optionholders should consult their own professional advisers for professional advice.

### **3. ACCEPTANCE PERIOD AND EXTENSIONS**

Unless the Offers have previously been extended with the consent of the Executive, to be valid, the Forms of Acceptance must be received by the Registrar in accordance with the instructions printed thereon by 4:00 p.m. on the Closing Date.

If the Offers are extended, the announcement of such extension will state the next Closing Date or a statement that the Offers will remain open until further notice. In the latter case, at least 14 days' notice in writing must be given to Shareholders and Optionholders before the Offers are closed. If the Closing Date is extended, any reference in this Composite Document and in the Forms of Acceptance to the Closing Date shall, except where the context otherwise requires, be deemed to refer to the subsequent closing date.

**4. ANNOUNCEMENTS**

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

- (i) the total number of Shares and Options and rights over Shares and Options for which acceptances of the Offers have been received;
- (ii) the total number of Shares and Options and rights over Shares and Options held, controlled or directed by the Offeror or parties acting in concert with the Offeror before the Offer Period;
- (iii) the total number of Shares and Options and rights over Shares and Options acquired or agreed to be acquired during the Offer Period by the Offeror or parties acting in concert with the Offeror; and
- (iv) details of any relevant securities (as defined in Note 4 to Rule 22 of the Takeover Code) in which any member of the Offeror or parties acting in concert with the Offeror have borrowed or lent, save for any borrowed Shares which have been either on-lent or sold.

The announcement will specify the percentages of voting rights represented by these numbers of Shares and Options.

In computing the total number of Shares and Options represented by acceptances, only valid acceptances that are complete, in good order and fulfill the acceptance conditions set out in this Appendix I, and which have been received by the Registrar no later than 4:00 p.m. on the Closing Date, being the latest time and date for acceptance of the Offers, shall be included.

As required under the Takeovers Code, all announcements in relation to the Offers will be made in accordance with the requirements of the Takeovers Code and the Listing Rules.

**5. NOMINEE REGISTRATION**

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 each beneficial owner separately. In order for beneficial owners of Shares, whose investments are registered in the names of nominees, to accept the Share Offer, it is essential that they provide instructions of their intentions with regard to the Share Offer to their nominees.

All documents and remittances sent to Shareholders by post will be sent to them by ordinary post at their own risk. Such documents and remittances will be sent to Shareholders at their addresses specified on the relevant Shareholder's Form of Share Offer Acceptance. None of the Offeror, the Company, CICC, the Registrar or parties acting in concert with any of them or any of their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Share Offer will be responsible for any loss or delay in transmission or any other liabilities that may arise as a result thereof.

## **6. RIGHT OF WITHDRAWAL**

Acceptance of the Offers tendered by Offer Shareholders and Offer Optionholders shall be irrevocable and cannot be withdrawn, except in the circumstances set out in the following paragraph.

Under Rule 19.2 of the Takeovers Code, if the Offeror is unable to comply with any of the requirements of making announcements relating to the Offers set out in section 4 of this Appendix I, the Executive may require that acceptors be granted a right of withdrawal, on terms acceptable to the Executive, until such requirements can be met.

In such case, when the Offer Shareholders and/or Offer Optionholders withdraw their acceptances, the Offeror shall, as soon as possible but in any event within ten (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) in respect of the Offer Shares and/or Offer Options (as the case may be) lodged with the Form(s) of Acceptance to the relevant Offer Shareholders and Offer Optionholders (as the case may be) at their own risk.

## **7. SETTLEMENT**

If you accept the Share Offer, settlement of the consideration (less seller's ad valorem stamp duty) will be made by cheque as soon as possible, but in any event within seven (7) Business Days following the date of receipt of a complete and valid acceptance of the Share Offer. Each cheque will be despatched by ordinary post to the address specified on the relevant Shareholder's Form of Acceptance at his/her own risk.

If you accept the Option Offer, settlement of the consideration will be made by the Offeror to the Company as the agent of the Optionholders, by cheque(s) drawn in the name of the Company which will be delivered to the Company's Hong Kong office at Unit 601, Photonics Centre, 2 Science Park East Avenue, Hong Kong Science Park, Shatin, Hong Kong, as soon as possible but in any event within seven (7) Business Days following the date of receipt of a complete and valid acceptance of the Option Offer, and the Company, being agent of the Optionholders, will transfer any payment received to respective Optionholders by issue of cheque(s) or wire transfer as soon as possible thereafter.

No fractions of a cent will be payable and the amount of cash consideration payable to a Shareholder or Optionholder who accepts the Offers will be rounded up to the nearest cent.

Shareholders and Optionholders are recommended to consult their professional advisers if they are in doubt as to the above procedures.

## **8. SHARES/OPTIONS**

Acceptance of the Share Offer by Offer Shareholders will be deemed to constitute a warranty by such person(s) to the Offeror that such Shares acquired under the Share Offer are sold or tendered by the Offer Shareholders free from all Encumbrances and together with all rights accruing and attached to them on or after the date of the Announcement, including the rights to receive all dividends and distributions declared, made or paid, on or after the date of the Announcement. In the event that the Company declares, pays, makes or agrees to pay or make any dividends on or after the date of the Announcement and up to closing of the Offers, the Offeror will reduce the Offer Price by the amount of such dividends, if any. In the event that the Company pays or makes any dividends prior to closing of the Offers, further announcement as regard adjustment to the Share Offer Price will be made. The Company confirms that as at the Latest Practicable Date, (a) it has not declared any dividend which is outstanding and not yet paid and (b) it does not have any intention to make, declare or pay any future dividend or make other distributions prior to the close of the Offers.

Acceptance of the Option Offer by the Optionholders will be deemed to constitute a warranty by such person(s) to the Offeror that such Options acquired under the Option Offer are tendered by the Offer Optionholders free from all Encumbrances, and will result in the cancellation of the relevant outstanding Options, together with all rights attaching thereto.

## **9. HONG KONG STAMP DUTY**

Sellers' Hong Kong ad valorem stamp duty on acceptances of the Share Offer at a rate of 0.13% of the consideration payable in respect of the relevant acceptances or, if higher, the market value of the Shares subject to such acceptance, will be deducted from the amounts payable to the Offer Shareholders who accept the Share Offer. The Offeror will arrange for payment of sellers' ad valorem stamp duty on behalf of the Offer Shareholders who accept the Share Offer and pay the buyer's Hong Kong ad valorem stamp duty in connection with the acceptance of the Share Offer and the transfers of the relevant Offer Shares in accordance with the Stamp Duty Ordinance (Cap. 117 of the Laws of Hong Kong).

No stamp duty will be payable in connection with the acceptance of the Option Offer.

## **10. GENERAL**

- (a) All communications, notices, the Forms of Acceptance, share certificates, transfer receipts, other documents of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and remittances to be delivered by or sent to or from Shareholders and Optionholders will be delivered by or sent to or from them, or their designated agents, through post at their own risk, and none of the Offeror, the Company, CICC, the Registrar or parties acting in concert with any of them or any of their respective ultimate beneficial

owners, directors, officers, agents, associates or any other person involved in the Offers accepts any liability for any loss in postage or any other liabilities that may arise as a result thereof.

- (b) The provisions set out in the Forms of Acceptance form part of the terms of the Offers.
- (c) The accidental omission to despatch this Composite Document and/or the Forms of Acceptance or any of them to any person to whom the Offers are made will not invalidate the Offers in any way.
- (d) The Offers and all acceptances thereof will be governed by and construed in accordance with the laws of Hong Kong.
- (e) Due execution of a Form of Acceptance will constitute an irrevocable authority to the Offeror, the sole director of the Offeror, and/or CICC (or any of their respective ultimate beneficial owners, directors, officers, agents or associates), to complete and execute any document on behalf of the person or persons accepting the Offers and to do any other act that may be necessary or expedient for the purposes of vesting in the Offeror, or such person or persons as it may direct, the Offer Shares or cancelling the Offer Options in respect of which such person or persons has/have accepted the Offers.
- (f) The settlement of the consideration to which any Offer Shareholder or Offer Optionholder is entitled under the Offers will be implemented in full in accordance with the terms of the Offers without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such Offer Shareholder or Offer Optionholder.
- (g) Any Offer Shareholders or Offer Optionholders accepting the Offers will be responsible for payment of any transfer or cancellation or other taxes or duties payable in respect of the relevant jurisdiction due by such persons.
- (h) In making their decision, Offer Shareholders and Offer Optionholders must rely on their own examination of the Group and the terms of the Offers, including the merits and risks involved. The contents of this Composite Document, including any general advice or recommendation contained herein together with the Forms of Acceptance, shall not be construed as any legal or business advice on the part of the Offeror, the Company, CICC or their respective professional advisers. Shareholders and Optionholders should consult their own professional advisers for professional advice.
- (i) References to the Offers in this Composite Document and in the Forms of Acceptance shall include any extension and/or revision thereof.

- (j) This Composite Document has been prepared for the purposes of compliance with the legislative and regulatory requirements applicable in respect of the Offers in Hong Kong and the operating rules of the Stock Exchange.

## 1. FINANCIAL SUMMARY

The following is a summary of certain audited consolidated financial information of the Group for the financial years ended 31 March 2019, 31 March 2020 and 31 March 2021, and certain unaudited consolidated financial information of the Group for the six months ended 30 September 2020 and 30 September 2021, as extracted from the annual reports of the Company for the years ended 31 March 2019, 31 March 2020 and 31 March 2021, and the interim report of the Company for the six months ended 30 September 2021, respectively:

	Year ended 31 March			Six months ended 30 September	
	2019 <i>(audited)</i> HK\$'000	2020 <i>(audited, restated)</i> HK\$'000	2021 <i>(audited)</i> HK\$'000	2020 <i>(unaudited)</i> HK\$'000	2021 <i>(unaudited)</i> HK\$'000
Revenue	1,314,389	2,780,150	3,008,019	1,441,677	1,740,522
Gross Profit	279,348	499,614	580,217	303,773	308,364
Profit/(loss) before income tax	145,980	188,852	268,111	156,857	134,925
Taxation	23,046	34,368	41,480	26,186	43,480
Profit/(loss) for the year attributable to:					
– Shareholders	122,934	154,080	226,361	130,399	91,187
– Non-controlling interest	–	404	270	272	258
Consolidated net asset value attributable to Shareholders	1,088,979	1,158,042	852,474	716,430	930,280
Total comprehensive income (expense) for the period attributable to:	118,222	88,962	566,222	405,175	103,487
– Owners of the Company	–	89,172	562,148	401,736	103,121
– Non-controlling interest	–	(210)	4,074	3,439	366
Earning per share					
– Basic	6.68	8.37	12.30	7.09	4.95
– Diluted	6.68	8.30	12.30	7.09	4.90
Dividends	36,800	55,200	55,200	27,600	18,440
– Dividends per share (HK cents)	2.00	3.00	3.00	1.50	1.00

The auditor's reports issued by Deloitte in respect of the Group's audited consolidated financial statements for each of the three financial years 31 March 2019, 31 March 2020 and 31 March 2021 did not contain any modified opinion, emphasis of matter or material uncertainty related to going concern.

Save as disclosed above, there were no items of income or expense which are material in respect of the financial statements of the Group for each of the financial years ended 31 March 2019, 31 March 2020 and 31 March 2021, and the unaudited consolidated financial statements of the Group for the six months ended 30 September 2021.

## **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 the consolidated financial statements of the Group for the year ended 31 March 2019 (the “**2019 Financial Statements**”), 31 March 2020 (the “**2020 Financial Statements**”), 31 March 2021 (the “**2021 Financial Statements**”) and for the six months ended 30 September 2021 (the “**2021 Interim 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 Financial Statements are set out from page 105 to page 208 in the annual report of the Company for the year ended 31 March 2019 (the “**Annual Report 2019**”), which was published on 22 July 2019. The Annual Report 2019 is posted on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<https://www.time-interconnect.com>), and is accessible via the following hyperlinks:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0722/lt20190722097.pdf>

The 2020 Financial Statements are set out from page 83 to page 148 in the annual report of the Company for the year ended 31 March 2020 (the “**Annual Report 2020**”), which was published on 23 July 2020. The Annual Report 2020 is posted on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<https://www.time-interconnect.com>), and is accessible via the following hyperlinks:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0723/2020072300476.pdf>

The 2021 Financial Statements are set out from page 81 to page 160 in the annual report of the Company for the year ended 31 March 2021 (the “**Annual Report 2021**”), which was published on 19 July 2021. The Annual Report 2021 is posted on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<https://www.time-interconnect.com>), and is accessible via the following hyperlinks:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0719/2021071900310.pdf>

The 2021 Interim Financial Statements are set out from page 24 to page 48 in the interim report of the Company for the six months ended 30 September 2021 (the “**Interim Report 2021**”), which was published on 24 December 2021. The Interim Report 2021 is posted on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<https://www.time-interconnect.com>), and is accessible via the following hyperlinks:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/1224/2021122400612.pdf>

### 3. INDEBTEDNESS STATEMENT

As at the close of business on 31 January 2022, being the latest practicable date for the purpose of preparing this indebtedness statement prior to the printing of this Composite Document, the Group had outstanding indebtedness of approximately HK\$1,180,118,000:

	<b>As at 31 January 2022</b> <i>HK\$'000</i>
Bank loans – unsecured and unguaranteed	1,121,601
Lease liabilities – secured by rental deposits and unguaranteed	<u>58,517</u>
Total indebtedness	<u><u>1,180,118</u></u>

As at 31 January 2022, save as disclosed above and apart from intra-group liabilities and normal trade payables, the Group did not have any mortgage, charges, debentures, debt securities issued and outstanding, and authorized or otherwise created but unissued, outstanding borrowings or indebtedness in the nature of borrowings including term loans, bank overdrafts, liabilities under acceptance (other than normal trade bills), acceptance credits, lease commitments or other similar indebtedness, or any guarantees or contingent liabilities.

### 4. NO MATERIAL CHANGE

Save as disclosed below, the Directors confirm there are no material changes in the financial or trading position or outlook of the Group since 31 March 2021 (being the date to which the latest published audited accounts of the Group were made up) up to and including the Latest Practicable Date:

- (a) as disclosed in the Interim Report 2021, the Group recorded an increase in revenue of approximately HK\$298.8 million, or approximately 20.7%, from approximately HK\$1,441.7 million for the six months ended 30 September 2020 (“**1H2021**”) to approximately HK\$1,740.5 million for the six months ended 30 September 2021 (“**1H2022**”). According to the Interim Report 2021, such increase was mainly attributable to the increase in sale from digital cable sector. In the meantime, the

Group's net profit for 1H2022 decreased by approximately HK\$39.3 million, or approximately 30.0%, from approximately HK\$130.7 million for 1H2021 to approximately HK\$91.4 million for 1H2022. According to the Interim Report 2021, such decrease was mainly attributable to (i) an one-off withholding tax arising from the internal reorganization; (ii) increase in various materials cost; (iii) increase in research and development expenses; and (iv) increase in other operating expenses of the Group; and

- (b) as disclosed in the announcement of the Company dated 31 August 2021 and the Interim Report 2021, on 31 August 2021, the Group acquired the business of manufacturing and sales of automotive wire harness engaged by GP Industries Marketing Limited and its subsidiaries from GP Industries Limited at the final consideration of HK\$69.0 million. The Group considered the said acquisition provides the Group with an attractive opportunity to expand and diversify its business and investment portfolio, and enhance its income sources and long-term development potential.

**1. RESPONSIBILITY STATEMENT**

This document includes particulars given in compliance with the Takeovers Code for the purpose of giving information with regard to the Offers, the Offeror and the Group.

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

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

**2. INTERESTS AND DEALINGS IN THE SHARES OF THE OFFEROR****(a) Interests in shares of the Offeror**

As of the Latest Practicable Date, save for the 1,380,000,000 Shares acquired by the Offeror pursuant to the SPA, neither the Offeror nor any parties acting in concert with it owned or controlled any Shares or other relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Company or any member of the Group.

As at the Latest Practicable Date, none of the Directors or the Company owned or controlled any Shares or other relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Offeror.

**(b) Dealing in the shares of the Offeror**

No person has dealt for value in any shares or any convertible securities, warrants, options or derivatives in respect of the shares of the Offeror during the Relevant Period.

### 3. SHARE CAPITAL OF THE COMPANY

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

<i>Authorized:</i>		<i>HK\$</i>
3,000,000,000	Ordinary Shares of HK\$0.01 each	30,000,000
<i>Issued and fully paid up:</i>		<i>HK\$</i>
1,945,952,000	Ordinary Shares of HK\$0.01 each	19,459,520

All of the Shares currently in issue rank *pari passu* in all respects with each other, including, in particular, as to dividends, voting rights and capital. The Shares are listed on the main board of the Stock Exchange and none of the securities of the Company are listed or dealt in on any other stock exchange and no such listing or permission to deal is being or is proposed to be sought.

Since 31 March 2021 and up to the Latest Practicable Date, 105,520,000 Shares have been issued by the Company.

As at the Latest Practicable Date, the outstanding number of Options in respect of the Share Option Scheme was 45,296,000 of which 504,000 Options have an exercise price of HK\$0.349 and 44,792,000 Options have an exercise price of HK\$0.320. The 504,000 Options with an exercise price of HK\$0.349 have an exercise period from 24 February 2020 to 23 August 2028 and the remaining 44,792,000 Options with an exercise price of HK\$0.320 have an exercise period from 7 February 2022 to 6 August 2030. If all such Options were exercised, a total of 45,296,000 Shares would be issued.

As at the Latest Practicable Date, save as disclosed above, the Company had no outstanding options, warrants, derivatives or other securities (as defined in Note 4 to Rule 22 of the Takeovers Code) that carry a right to subscribe for or which are convertible into the Shares.

### 4. DISCLOSURE OF INTERESTS IN THE SHARES

#### (a) Director's interests

As at the Latest Practicable Date, the interests of the Directors or the chief executive of the Company in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules or required to be disclosed pursuant to the Takeovers Code, were as follows.

Long positions in the Shares:

<b>Name</b>	<b>Capacity/ Nature of interest</b>	<b>Number of Shares</b>	<b>Approximate percentage of the Company's issued share capital (Note)</b>
Mr. Cua Tin Yin Simon	Beneficial owner	10,488,000	0.54%
Mr. Wong Chi Kuen	Beneficial owner	9,528,000	0.49%
Mr. Lo Chung Wai Paul	Beneficial owner	1,824,000	0.09%
Mr. Ho Hin Shun	Beneficial owner	1,544,000	0.08%
Mr. Luk Wai Shing	Beneficial owner	1,824,000	0.09%
Mr. Chan Chung Shun Eric	Beneficial owner	1,824,000	0.09%

*Note:* The percentage was calculated based on 1,945,952,000 Shares in issue as at the Latest Practicable Date

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or the chief executive of the Company had any interests in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules, or required to be disclosed pursuant to the Takeovers Code.

**(b) Interests of substantial shareholders**

As at the Latest Practicable Date, other persons' interests in the shares and underlying shares of the Company (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange are set out below:

Name	Capacity/Nature of interest	Number of Shares	Approximate percentage of shareholding
the Offeror	Beneficial owner	1,380,000,000	70.92%
Luxshare Precision ( <i>Note 2</i> )	Interest of a controlled corporation	1,380,000,000	70.92%
Luxshare Limited ( <i>Note 2</i> )	Interest of a controlled corporation	1,380,000,000	70.92%
Ms. Wang Laichun ( <i>Note 2</i> )	Interest of a controlled corporation	1,380,000,000	70.92%
Mr. Wang Laisheng ( <i>Note 2</i> )	Interest of a controlled corporation	1,380,000,000	70.92%

*Notes:*

- All interests stated are long positions.
- The Offeror is wholly-owned by Luxshare Precision. Luxshare Precision is owned as to 38.6% by Luxshare Limited and 0.07% by Mr. Wang Laisheng. Luxshare Limited is owned as to 50% by Ms. Wang Laichun and as to 50% by Mr. Wang Laisheng. Therefore, each of Luxshare Precision, Luxshare Limited, Ms. Wang Laichun and Mr. Wang Laisheng is deemed, or taken to be, interested in all the shares held by Offeror for the purpose of the SFO.

Save as disclosed above, as at the Latest Practicable Date, no person had any interests in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to Company and the Stock Exchange.

**(c) Interests of the Offeror**

As of the Latest Practicable Date, save for the 1,380,000,000 Shares the Offeror acquired under the SPA, neither the Offeror nor any parties acting in concert with it owned or controlled any Shares or other relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Company or any member of the Group.

**(d) Interests of Director of Offeror**

As of the Latest Practicable Date, save for the 1,380,000,000 Shares the Offeror acquired under the SPA which the sole director of the Offeror Ms. Wang Laichun is deemed to be interested under the SFO, no director of the Offeror owned or controlled any shares or other relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Company or any member of the Group.

**(e) Other Interests**

As at the Latest Practicable Date,

- (1) none of the subsidiaries of the Company, any pension fund of the Group, or 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 any adviser to the Company as specified in class (2) of the definition of “associate” under the Takeovers Code (but excluding exempt principal traders) owned or controlled any Shares or any convertible securities, warrants, options or derivatives in respect of the Shares;
- (2) no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code between the Offeror, or parties acting in concert with the Offerer, with any person;
- (3) there was no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code between any person and the Company or with any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) and (5) of the definition of acting in concert or who is an associate of the Company by virtue of classes (2), (3) and (4) of the definition of associate under the Takeovers Code;
- (4) no Shares or any convertible securities, warrants, options or derivatives in respect of the Shares were managed on a discretionary basis by fund managers (other than exempt fund managers) connected with the Company; and
- (5) all Directors who hold Shares in the Company intend, in respect of their own beneficial shareholdings in the Company, to reject the Share Offer. The independent non-executive Directors indicated their intention to reject the Share Offer to maintain flexibility (i) to retain the Shares based on their personal circumstances or (ii) to realise all or part of their shareholdings in the market, having noted the market price of the Shares at the Latest Practicable Date was above the Share Offer Price;

- (6) neither the Offeror or parties acting in concert with the Offeror or the Company nor any of the Directors had borrowed or lent any Shares or any convertible securities, warrants, options or derivatives in respect of the Shares, save for any borrowed Shares which had been either on-lent or sold;
- (7) there is no person who, as at the Latest Practicable Date, have irrevocably committed himself to accept or reject the Share Offer or Option Offer;
- (8) there is no special deal (as defined under Rule 25 of the Takeovers Code) between the Sellers and parties acting in concert with any one of them on one hand, and the Offeror and parties acting concert with it on the other hand;
- (9) there is no special deal (as defined under Rule 25 of the Takeovers Code) between (a) any Shareholders; and (b)(i) the Offeror and any parties acting in concert with it, or (b)(ii) the Company, its subsidiaries or associated companies; and
- (10) other than the consideration payable under the SPA, none of the Sellers and parties acting in concert with any of them has received or will receive any other consideration, compensation or benefit, in whatever form from the Offeror and parties acting in concert with it, and none of the Offeror and parties acting in concert with it has given or will give any other consideration, compensation or benefit, in whatever form to the Sellers and parties acting in concert with any on of them.

## 5. DEALINGS IN THE SHARES

- (a) During the Relevant Period, none of the Company, any of its subsidiaries, nor any Directors had dealt for value in any shares of the Offeror or any other convertible securities, warrants, options or derivatives in respect of any shares of the Offeror.
- (b) During the Relevant Period, save for the Acquisition and as set out below, none of the Directors had dealt for value in any Shares, convertible securities, warrants, options, or derivatives in respect of any Shares.

<b>Date</b>	<b>Name of Director</b>	<b>Description of Dealing</b>
4 January 2022	Mr. Ho Hin Shun	Exercise of 280,000 Options granted on 24 August 2018 at exercise price of HK\$0.349 per Share. Option money of HK\$97,270 was paid by Mr. Ho to the Company upon exercise.

<b>Date</b>	<b>Name of Director</b>	<b>Description of Dealing</b>
4 January 2022	Mr. Ho Hin Shun	Sale of 280,000 Shares allotted and issued upon exercise of the Options, at a price of HK\$0.788 per Share.
22 March 2022	Mr. Ho Hin Shun	Exercise of 1,544,000 Options granted on 24 August 2018 at exercise price of HK\$0.349 per Share. Option money of HK\$538,856 was paid by Mr. Ho to the Company upon exercise.
22 March 2022	Mr. Luk Wai Shing	Exercise of 1,824,000 Options granted on 24 August 2018 at exercise price of HK\$0.349 per Share. Option money of HK\$636,576 was paid by Mr. Luk to the Company upon exercise.
23 March 2022	Mr. Cua Tin Yin Simon	Exercise of 10,488,000 Options granted on 24 August 2018 at exercise price of HK\$0.349 per Share. Option money of HK\$3,660,312 was paid by Mr. Cua to the Company upon exercise.
23 March 2022	Mr. Wong Chi Kuen	Exercise of 9,528,000 Options granted on 24 August 2018 at exercise price of HK\$0.349 per Share. Option money of HK\$3,325,272 was paid by Mr. Wong to the Company upon exercise.
23 March 2022	Mr. Lo Chung Wai Paul	Exercise of 1,824,000 Options granted on 24 August 2018 at exercise price of HK\$0.349 per Share. Option money of HK\$636,576 was paid by Mr. Lo to the Company upon exercise.
23 March 2022	Mr. Chan Chung Shun Eric	Exercise of 1,824,000 Options granted on 24 August 2018 at exercise price of HK\$0.349 per Share. Option money of HK\$636,576 was paid by Mr. Chan to the Company upon exercise.

- (c) During the Relevant Period, save for entering into the SPA, none of the Offeror, the directors of the Offeror or its concert parties had dealt for value in any Shares or any other convertibles securities, warrants, options or derivatives in respect of any Shares.

- (d) During the Offer Period and up to the Latest Practicable Date, none of the subsidiaries of the Company, or the pension funds of the Company or of a subsidiary of the Company, or any person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of “acting in concert” under the Takeovers Code or who is an associate of the Company by virtue of class (2) of the definition of “associate” in the Takeovers Code but excluding exempt principal traders and exempt fund managers had dealt for value in any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares.
- (e) During the Offer Period and up to the Latest Practicable Date, no person who has an arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) and (5) of the definition of “acting in concert” under the Takeovers Code, or any associate of the Company by virtue of classes (2), (3) and (4) of the definition of “associate” under the Takeovers Code has dealt for value in any Shares or any other convertible securities, warrants, options or derivatives in respect of any Shares.
- (f) During the Offer Period and up to the Latest Practicable Date, no fund managers connected with the Company (other than exempt fund managers) who managed funds on a discretionary basis had dealt for value in any Shares or any other convertible securities, warrants, options or derivatives in respect of any Shares.

## **6. OTHER ARRANGEMENTS AND AGREEMENTS**

- (a) As at the Latest Practicable Date, none of the existing Directors will be given any benefit as compensation for loss of office or otherwise in connection with the Offers.
- (b) As at the Latest Practicable Date, no agreement, arrangement or understanding (including any compensation arrangement) existed between the Offeror or any person acting in concert with it and any of the Directors, recent Directors, Shareholders or recent Shareholders of the Company having any connection with or dependence upon the Offers.
- (c) As at the Latest Practicable Date, other than the SPA, there was no agreement or arrangement to which the Offeror is party which relate to the circumstances in which it may or may not invoke or seek to invoke a condition to the Offers.
- (d) As at the Latest Practicable Date, there was no arrangement of the kind referred to in Note 8 of Rule 22 of the Takeovers Code between the Offeror or any person acting in concert with it or any of their other associates, and any other person.
- (e) As at the Latest Practicable Date, there was no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code 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” under the Takeovers Code or who is an associate of the Company by virtue of classes (2), (3) and (4) of the definition of “associate” under the Takeovers Code, and any other person.

- (f) As at the Latest Practicable Date, save for the SPA which Mr. Paul Lo is materially interested in, there was no material contract entered into by the Offeror in which any of the Directors has a material personal interest.
- (g) As at the Latest Practicable Date, neither the Offeror nor or any person acting in concert with it has any agreement, arrangement for or understanding for any transfer, charge or pledge of Shares acquired pursuant to the Offers to any other person.
- (h) As at the Latest Practicable Date, there was no agreement or arrangement between any of the Directors and any other person which is conditional on or dependent upon the outcome of the Offers or otherwise connected with the Offers.

#### **7. MARKET PRICES OF THE SHARES**

- (a) During the Relevant Period, the highest closing price of the Shares as quoted on the Stock Exchange was HK\$1.41 on 14 March 2022 and the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$0.40 on 26 August 2021.
- (b) The table below sets out the closing prices of the Shares as quoted by the Stock Exchange:
  - (i) on the Latest Practicable Date; (ii) on the Last Trading Day; (iii) 4 February 2022, being the last Business Day immediately preceding the publication of the Rule 3.7

Announcement; and (iv) on the last business day of each of the six calendar months immediately preceding the commencement of the Offer Period and ending on the Latest Practicable Date:

<b>Date</b>	<b>Closing price</b> <i>HK\$</i>
30 June 2021	0.445
30 July 2021	0.42
31 August 2021	0.42
30 September 2021	0.455
29 October 2021	0.47
30 November 2021	0.62
31 December 2021	0.72
31 January 2022 (the last day that the Shares were traded on the Stock Exchange immediately preceding the publication of the Rule 3.7 Announcement)	0.97
4 February 2022 (the last Business Day immediately preceding the publication of the Rule 3.7 Announcement)	0.97
11 February 2022 (Last Trading Day)	0.81
28 February 2022	0.89
25 March 2022 (Latest Practicable Date)	1.20

## 8. DIRECTORS' SERVICE CONTRACTS

Save as disclosed in this section 8, as at the Latest Practicable Date, none of the Directors had entered into any service contract with the Company or any of its subsidiaries or associated companies which are fixed term contracts with more than 12 months to run irrespective of notice period, or which has been entered into and amended within six months before the commencement of the Offer Period, or which are continuous contracts with a notice period of 12 months or more.

<b>Director</b>	<b>Commencement date of the service contract</b>	<b>Expiry date of the service contract</b>	<b>Amount of remuneration payable under the service contract</b>
Mr. Cua Tin Yin Simon	12 February 2021	11 February 2024	HK\$3,120,000
Mr. Wong Chi Kuen	12 February 2021	11 February 2024	HK\$2,470,000
Mr. Lo Chung Wai Paul	12 February 2021	11 February 2024	HK\$390,000
Mr. Ho Hin Shun	12 February 2021	11 February 2024	HK\$260,160
Mr. Luk Wai Shing	12 February 2021	11 February 2024	HK\$260,160
Mr. Chan Chung Shun Eric	12 February 2021	11 February 2024	HK\$260,160

Save as disclosed above, no variable remuneration (e.g. commission on profit) is payable to the relevant Directors under the Directors' service contracts disclosed in this section 8.

## 9. LITIGATION

As at the Latest Practicable Date, none of the members of the Group were engaged in any litigation or arbitration or claim of material importance and no litigation, arbitration or claim of material importance is known to the Directors to be pending or threatened by or against any member of the Group.

## 10. MATERIAL CONTRACTS

The following material contracts have been entered into by the Group (not being a contract entered into in the ordinary course of business carried on or intended to be carried on by the Group) during the period within the two years before the commencement of the Offer Period and up to the Latest Practicable Date:

- (1) the sale and purchase agreement dated 31 May 2021 entered into between Time Interconnect Investment Limited (a direct wholly-owned subsidiary of the Company) as purchaser and GP Industries Limited as vendor in relation to the acquisition of the entire issue share capital of GP Industries Marketing Limited (currently known as Time Interconnect Wire Technology Limited) at a consideration of HK\$69,000,000;
- (2) the sale and purchase agreement dated 24 March 2020 entered into between the Company as purchaser, Linkz Industries Limited as vendor and Nickson Holdings and Mr. Paul Lo as warrantors in relation to the acquisition of the entire issued share capital of Linkz Cables Limited and a related shareholder's loan at a consideration of HK\$780,993,000.

## 11. EXPERTS

The following are the qualifications of each of the experts who have been named in this Composite Document or who have given their opinion or advice, which is contained in this Composite Document:

<b>Name</b>	<b>Qualification</b>
CICC	a licensed corporation under the SFO, 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
Asian Capital	a licensed corporation under the SFO, licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities

**12. CONSENTS**

Each of the above experts has given and has not withdrawn their respective consents to the issue of this Composite Document with the inclusion in this Composite Document of the text of their respective letters and references to their names in the form and context in which they are included.

**13. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection on the websites of the Company (<https://www.time-interconnect.com/>) and the SFC (<https://www.sfc.hk>) from the date of this Composite Document up to and including the Closing Date:

- (a) the memorandum and articles of association of the Offeror;
- (b) the memorandum and articles of association of the Company;
- (c) the Annual Report 2019, the Annual Report 2020 and the Annual Report 2021;
- (d) the Interim Report 2021;
- (e) the “Letter from CICC”, the text of which is set out on pages 7 to 17 of this Composite Document;
- (f) the letter from the Board, the text of which is set out on pages 18 to 26 of this Composite Document;
- (g) the letter of recommendation from the Independent Board Committee, the text of which is set out on pages 27 to 28 of this Composite Document;
- (h) the letter of advice from the Independent Financial Adviser, the text of which is set out on pages 29 to 64 of this Composite Document;
- (i) the Directors’ service contracts referred to in the section headed “8. DIRECTORS’ SERVICE CONTRACTS” in this Appendix III of this Composite Document;
- (j) the material contracts of the Company referred to in the section headed “10. MATERIAL CONTRACTS” in this Appendix III of this Composite Document;
- (k) the written consent from the expert referred to in the section headed “11. EXPERTS” in this Appendix III of this Composite Document; and
- (l) this Composite Document and the accompanying White Form of Share Offer Acceptance and Pink Form of Option Offer Acceptance.

**14. MISCELLANEOUS**

- (a) The Offeror is a company incorporated in Hong Kong with limited liability and is a direct wholly-owned subsidiary of Luxshare Precision, a company incorporated in the PRC with limited liability and listed on the Shenzhen Stock Exchange (stock code: 002475). Luxshare Precision is owned as to 38.6% by Luxshare Limited and 0.07% by Mr. Wang Laisheng. Luxshare Limited is in turn owned as to 50% by each of Ms. Wang Laichun and Mr. Wang Laisheng respectively. The Offeror is the trading company of Luxshare Precision and its subsidiaries and takes business orders for Luxshare Precision and its subsidiaries. Luxshare Precision is principally engaged in the research, development, manufacturing and sales of products in the fields of consumer electronics, communication, auto electronics and healthcare. The ultimate holding company of Luxshare Precision is Luxshare Limited. The Offeror and Luxshare Precision are ultimately controlled by Ms. Wang Laichun and Mr. Wang Laisheng.
- (b) The registered office of the Offeror is at Room 2018, 20/F, Shatin Galleria, 18-24 Shan Mei Street, Fo Tan, New Territories, Hong Kong.
- (c) The registered office of Luxshare Precision is at 2/F, Block A, Sanyang New Industrial Zone, West Haoyi, Shajing Street, Baoan District, Shenzhen, the People's Republic of China.
- (d) The registered office of Luxshare Limited is at Room 2018, 20/F, Shatin Galleria, 18-24 Shan Mei Street, Fo Tan, New Territories, Hong Kong.
- (e) The correspondence address of Ms. Wang Laichun and Mr. Wang Laisheng is No. 313, Beihuan Road, Qing Xi Town, Dong Guan City, Guang Dong Province, People's Republic of China.
- (f) The registered office of the Company is Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman, KY1-1108, Cayman Islands. The principal place of business in Hong Kong of the Company Unit 601, 6/F, Photonics Centre, 2 Science Park East Avenue, Hong Kong Science Park, Shatin, Hong Kong.
- (g) The Hong Kong branch share registrar and transfer office of the Company is Tricor Investor Services Limited, Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (h) As at the Latest Practicable Date, the sole director of the Offeror is Ms. Wang Laichun.
- (i) As at the Latest Practicable Date, the directors of Luxshare Precision are Ms. Wang Laichun, Mr. Wang Laisheng, Mr. Li Bin and Ms. Ye Yiling, being directors, and Mr. Xu Huaibin, Mr. Lin Yifei and Ms. Zhang Ying, being independent directors.

- (j) As at the Latest Practicable Date, the directors of Luxshare Limited are Ms. Wang Laichun and Mr. Wang Laisheng.
- (k) As at the Latest Practicable Date, the Board of the Company comprises Mr. Lo Chung Wai Pau, Mr. Cua Tin Yin Simon and Mr. Wong Chi Kuen, Mr. Ho Hin Shun, Mr. Luk Wai Shing and Mr. Chan Chung Shun Eric.
- (l) The principal place of business of CICC is at 29/F, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong.
- (m) The English language text of this Composite Document and the Forms of Acceptance shall prevail over the Chinese language text.