
LETTER FROM THE BOARD



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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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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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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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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- (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:

Exercise price <i>(HK\$ per Share)</i>	Exercise period	Number of Outstanding Options as at the Latest Practicable Date
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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**For each of the 44,792,000 Offer Options with
an exercise price of HK0.320 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.

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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	
	Number of Shares	% of shareholding (approximate) (Note 5)	Number of Shares	% of shareholding (approximate) (Note 5)	Number of Shares	% of shareholding (approximate) (Note 5)
The Offeror and parties acting in concert with it						
The Offeror	nil	nil	1,380,000,000	72.18%	1,380,000,000	70.92%
The Sellers						
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
Independent Shareholders	531,944,000	27.82%	531,944,000	27.82%	538,920,000	27.69%
The Directors (Note 4)						
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%
Total	<u>1,911,944,000</u>	<u>100.00%</u>	<u>1,911,944,000</u>	<u>100.00%</u>	<u>1,945,952,000</u>	<u>100%</u>

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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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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