



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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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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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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- (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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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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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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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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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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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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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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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



Name: David CHING
Title: Executive Director