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## LETTER FROM CICC

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14 October 2019

*To the Offer Shareholders*

Dear Sir or Madam,

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

### **INTRODUCTION**

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

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

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

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

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

### **MANDATORY UNCONDITIONAL CASH OFFER**

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

### **THE OFFER**

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

#### **Offer Price**

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

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

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

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

### Comparisons of Value

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

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

### Highest and Lowest Share Prices

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

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### **Value of the Offer**

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

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

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

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

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

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

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

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

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

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

### **Effect of Accepting the Offer**

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

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

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### **Settlement**

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

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

### **Hong Kong Stamp Duty**

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

### **Taxation Advice**

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

### **Overseas Shareholders**

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

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

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

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

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

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

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

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

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

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### **The RG Irrevocable Undertaking**

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

### **The BTF Irrevocable Undertaking**

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

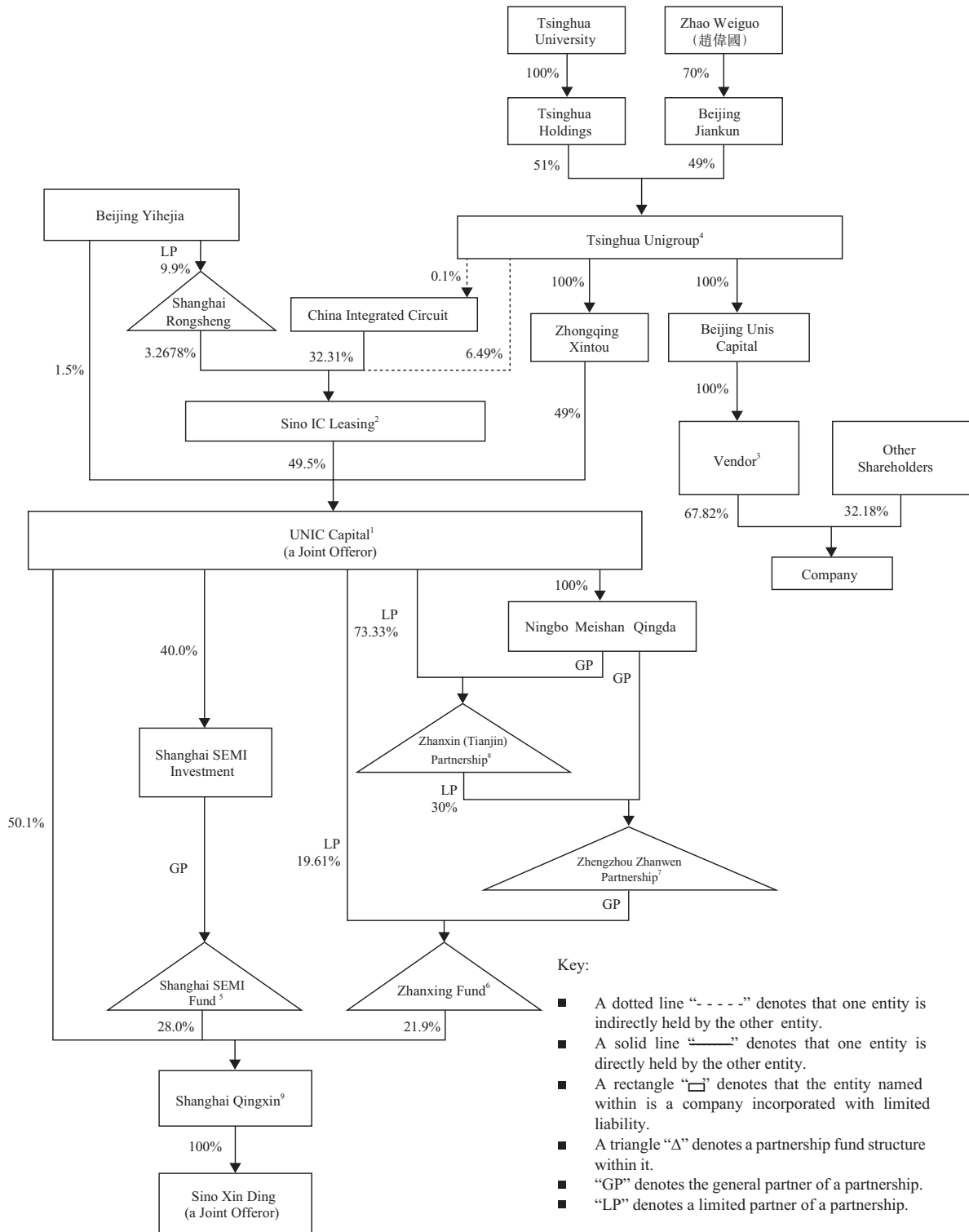
### COMPLETION

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

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

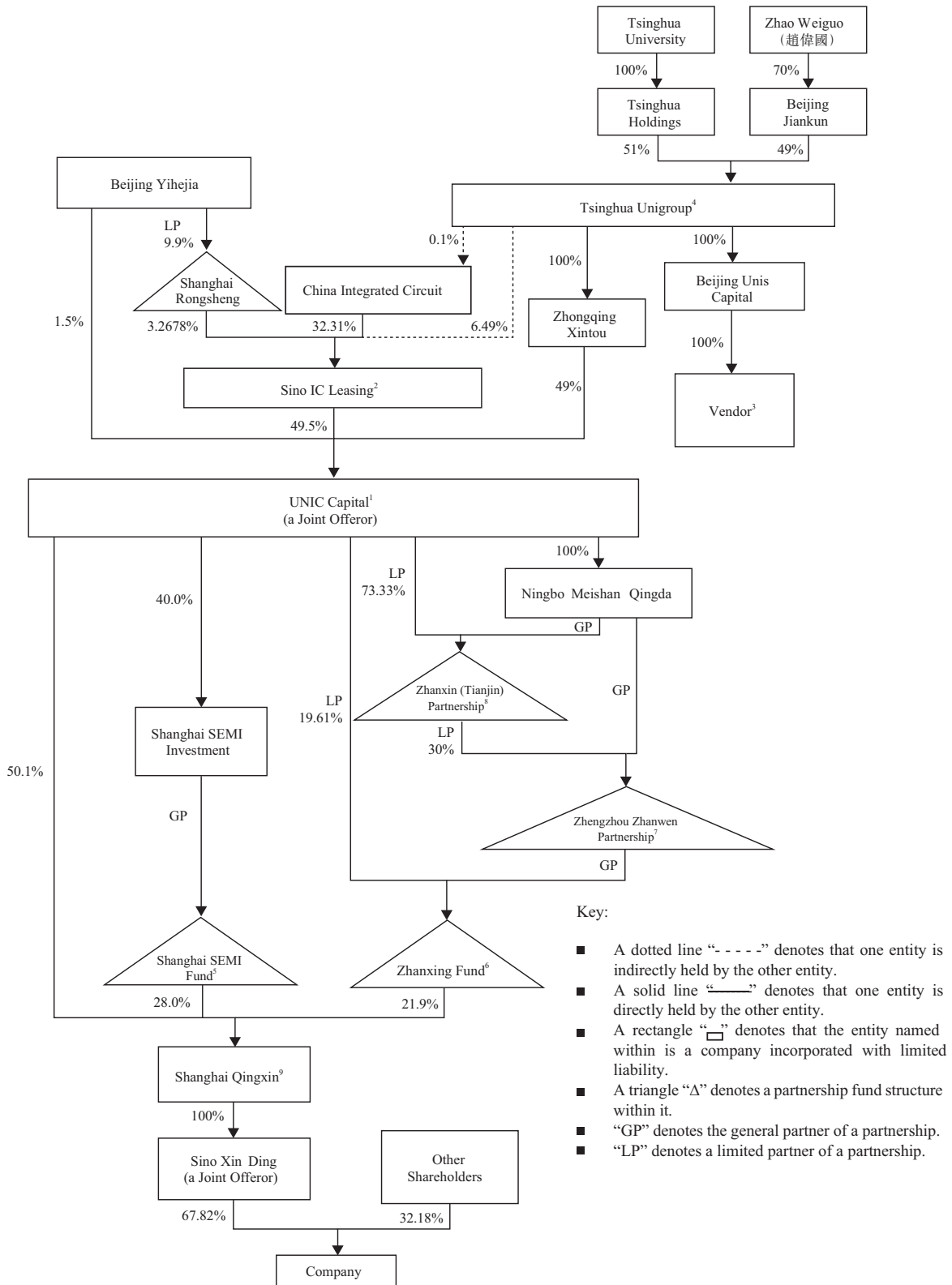
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## (a) Shareholding of the Joint Offerors and its relationship with Tsinghua Unigroup immediately before Completion



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



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*Notes to the above graphs:*

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

### INTENTIONS OF THE JOINT OFFERORS

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

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

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

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

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

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

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

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

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## LETTER FROM CICC

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

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

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

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

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

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

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

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

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

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## LETTER FROM CICC

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

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

- (a) a false market exists or may exist in the trading of the Shares; or
- (b) that there are insufficient Shares in public hands to maintain an orderly market,

it will consider exercising its discretion to suspend dealings in the Shares.

The Joint Offerors intend the Company to remain listed on the Stock Exchange. The directors of each of the Joint Offerors and the new directors to be appointed to the Board will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Company's shares.

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

### **COMPULSORY ACQUISITION**

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

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

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

### **GENERAL**

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

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



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## LETTER FROM CICC

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

### WARNING

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

### ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this Composite Document which form part of this Composite Document. You are reminded to read carefully the “Letter from the Board”, the “Letter from the Independent Board Committee”, the “Letter from VBG Capital”, the “Valuation Report” and other information about the Group, which are set out in this Composite Document, before deciding whether or not to accept the Offer.

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

Yours sincerely,

For and on behalf of  
**China International Capital Corporation Hong Kong Securities Limited**

A handwritten signature in black ink, appearing to be 'Jie Li', written over a horizontal line.

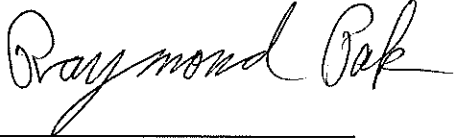
Name: Jie Li

Title: Executive Director

Yours faithfully,

For and on behalf of

**China International Capital Corporation Hong Kong Securities Limited**

A handwritten signature in cursive script that reads "Raymond Pak". The signature is written in black ink and is positioned above a horizontal line.

Name: Raymond Pak

Title: Managing Director