



中州國際融資有限公司

CENTRAL CHINA INTERNATIONAL CAPITAL LIMITED

16 November 2017

To the Independent Shareholders

Dear Sir or Madam,

**UNCONDITIONAL MANDATORY GENERAL CASH OFFER BY
CENTRAL CHINA INTERNATIONAL CAPITAL LIMITED FOR
AND ON BEHALF OF
PHOENIX TIME HOLDINGS LIMITED
FOR ALL THE ISSUED SHARES IN
i-CONTROL HOLDINGS LIMITED
(OTHER THAN THOSE ALREADY OWNED BY
PHOENIX TIME HOLDINGS LIMITED AND
PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

On 13 October 2017, the Offeror and the Company jointly announced that, among others, the Offeror and the Vendors entered into the Sale and Purchase Agreement on 6 October 2017 pursuant to which the Offeror agreed to acquire and the Vendors agreed to sell an aggregate of 600,000,000 Shares, representing 60.00% of the entire issued share capital of the Company at an aggregate consideration of HK\$216,000,000 (equivalent to HK\$0.36 per Sale Share). Completion took place immediately upon signing of the Sale and Purchase Agreement on 6 October 2017. The consideration for the Offeror's acquisition of the Sale Shares was HK\$216,000,000 and has been fully settled.

Immediately following Completion, the Offeror and parties acting in concert with it are interested in 600,000,000 Shares, representing 60.00% of the entire issued share capital of the Company as at the Latest Practicable Date.

Pursuant to Rule 26.1 of the Takeovers Code, the Offeror is required to make an unconditional mandatory general offer in cash for all the issued Shares other than those already owned by the Offeror and parties acting in concert with it.

This letter sets out, among others, the details of the Offer, information on the Offeror and the intention of the Offeror regarding the Group. The terms and procedures of acceptance of the Offer are set out in this letter, Appendix I to this Composite Document of which this letter forms part, and the accompanying Form of Acceptance. Terms used in this letter shall have the same meanings as defined in this Composite Document unless the



context otherwise requires.

Independent Shareholders are strongly advised to carefully consider the information contained in the ‘Letter from the Board’, the ‘Letter from the Independent Board Committee’ and the ‘Letter from the Independent Financial Adviser’ and the appendices as set out in this Composite Document and to consult their professional advisers before reaching a decision as to whether or not to accept the Offer.

PRINCIPAL TERMS OF THE OFFER

CCIC, for and on behalf of the Offeror, will make the Offer to all to acquire all the Offer Shares, in compliance with the Takeovers Code on terms to be set out in the Composite Document on the following basis:

For each Offer Share HK\$0.36 in cash

The Offer is unconditional in all respects. The Offer Price of HK\$0.36 per Offer Share is the same as the price per Sale Share paid by the Offeror under the Sale and Purchase Agreement. The Offer Shares to be acquired under the Offer will be fully paid and free from all Encumbrances together with all rights attached thereto, including, but not limited to, all rights to any dividend or other distribution declared, made or paid on or after the date on which the Offer is made, being the date of the despatch of the Composite Document, or subsequently attached to them.

As at the Latest Practicable Date, there are 1,000,000,000 Shares in issue.

Comparison of value

The Offer Price of HK\$0.36 per Offer Share is equal to the price per Sale Share paid by the Offeror under the Sale and Purchase Agreement and represents:

- (a) a premium of approximately 1.41% over the closing price of HK\$0.355 per Share, as quoted on the Stock Exchange on the Last Trading Day;
- (b) a premium of approximately 1.41% over the closing price of HK\$0.355 per Share, as quoted on the Stock Exchange on the last trading day immediately preceding the date of the 18 July Announcement;
- (c) a premium of approximately 1.98% over the average closing price of HK\$0.353 per Share, being the average closing price of the Shares for the five consecutive trading days immediately prior to and including the Last Trading



Day;

- (d) a premium of approximately 2.71% over the average closing price of HK\$0.3505 per Share, being the average closing price of the Shares for the 10 consecutive trading days immediately prior to and including the Last Trading Day;
- (e) a premium of approximately 2.13% over the average closing price of approximately HK\$0.3525 per Share, being the average closing price of the Shares for the 30 consecutive trading days immediately prior to and including the Last Trading Day;
- (f) a premium of approximately 180.92% to the Company's audited NAV of approximately HK\$0.128 per Share based on the Group's audited consolidated NAV (excluding non-controlling interests) of approximately HK\$128,151,000 as at 31 March 2017 and 1,000,000,000 Shares in issue as at the date of this Composite Document;
- (g) a premium of approximately 191.94% to the Company's unaudited NAV of approximately HK\$0.123 per Share based on the Group's unaudited consolidated NAV (excluding non-controlling interests) of approximately HK\$123,311,000 as at 30 September 2017 and 1,000,000,000 Shares in issue as at the date of this Composite Document; and
- (h) a discount of approximately 5.26% to the closing price of HK\$0.38 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

Highest and lowest Share prices

During the Relevant Period, the highest closing price of the Shares quoted on the Stock Exchange was HK\$0.395 per Share on 16 October 2017 and the lowest closing price of the Shares quoted on the Stock Exchange was HK\$0.22 per Share on 3 February 2017.

Value of the Offer

As of the Latest Practicable Date, there were 1,000,000,000 Shares in issue. Based on the Offer Price of HK\$0.36 per Share, the entire issued share capital of the Company is valued at HK\$360,000,000. Given that the Offeror and parties acting in concert with it hold in aggregate 600,000,000 Shares, a total of 400,000,000 Offer Shares will be subject to the Offer. Based on the Offer Price of HK\$0.36, the total consideration for the Offer would be HK\$144,000,000 (assuming full acceptance of the Offer).



Confirmation of financial resources

Based on the Offer Price of HK\$0.36 per Share, the fact that a total of 400,000,000 Offer Shares will be subject to the Offer, and that 150,000,000 Shares held by Dr. Wong King Keung are subject to the Undertaking, the maximum consideration for 250,000,000 Offer Shares payable by the Offeror would be HK\$90,000,000. The Offeror intends to finance and satisfy this amount by cash from Mr. Zhong's own funds. There is no arrangement in relation to any facilities under which the payment of interest on, repayment of or security for any liability, contingent or otherwise, will depend, to any significant extent, on the business of the Company.

CCIC, as financial adviser to the Offeror, is satisfied that sufficient resources are available to the Offeror to satisfy full acceptance of the Offer.

Dealing and interest in the Company's securities

Save for the Sale Shares under the Sale and Purchase Agreement and as disclosed below (based on trading records), none of the Offeror, Mr. Zhong nor parties acting in concert with any of them has dealt in the Shares, options, derivatives, warrants or other securities convertible into Shares during the Relevant Period:

On 19 April 2017, Ms. Chim¹ acquired an aggregate of 100,000 Shares at the price of HK\$0.28 for a total consideration of HK\$28,135.76;

On 23 May 2017, Ms. Chim acquired an aggregate of 250,000 Shares at the price of HK\$0.35 for a total consideration of HK\$87,830.99;

On 7 June 2017, Ms. Chim acquired an aggregate of 230,000 Shares at the price of HK\$0.335 for a total consideration of HK\$77,341.97; and

On 19 July 2017, Ms. Chim disposed of 100,000 Shares at the price of HK\$0.365, 50,000 Shares at the price of HK\$0.37, 160,000 Shares at the price of HK\$0.36, and 270,000 Shares at the price of HK\$0.345 for a total consideration of HK\$204,970.62.

Note:

1. A portion of the aggregate consideration for the Offeror's acquisition of the Sale Shares was financed by a loan to the Offeror from Brilliant Future Limited, a company incorporated in the BVI with limited liability, whose sole ultimate beneficial owner is Mr. Cheng and whose directors are Mr. Cheng and Ms. Chim. As such, Brilliant Future Limited is presumed to be acting in concert with the Offeror under the Takeovers Code. Neither the Sale Shares nor Offer Shares to be acquired by the Offeror are subject to any security or pledge arrangement in connection with such financing.



Other arrangements

Save as disclosed herein, as at the Latest Practicable Date:

- (i) none of the Offeror or any parties acting in concert with it has entered into any arrangements of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with any other person;
- (ii) save for the Sale and Purchase Agreement, there is no agreement or arrangement to which the Offeror is a party which relates to circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Offer;
- (iii) save for the Undertaking, none of the Offeror, Mr. Zhong nor parties acting in concert with it has received any irrevocable commitment to accept or to reject the Offer;
- (iv) none of the Offeror, its ultimate beneficial owners, nor any party acting in concert with any one of them had borrowed or lent any Shares or convertible securities, warrants, options or derivatives of the Company;
- (v) save for the Sale Shares, none of the Offeror, its directors, or parties acting in concert with it owns or has control or direction over any voting rights or rights over the Shares or convertible securities, options, warrants or derivatives of the Company;
- (vi) the Offeror confirms that other than the consideration paid under the Sale and Purchase Agreement and the consideration to be paid under the Offer, none of the Vendors nor the parties acting in concert with any of them will receive any other consideration or benefits in any form from the Offeror or parties acting in concert with it;
- (vii) the Offeror confirms that other than the Memorandum of Understanding and the Sale and Purchase Agreement, there was no agreement, arrangement or understanding (including any compensation arrangement) that exists between the Offeror or any person acting in concert with it and any Directors, recent Directors, Shareholders or recent Shareholders having any connection with or dependence upon the Offer;
- (viii) the Offeror has no intention to transfer, charge or pledge any securities in the Company acquired pursuant to the Offers to any other person, or had any



中州國際融資有限公司

CENTRAL CHINA INTERNATIONAL CAPITAL LIMITED

agreement, arrangement or understanding with any third party to do so;

- (ix) as at the Latest Practicable Date, no benefits were to be given to any of the Directors as compensation for loss of office or otherwise in connection with the Offer; and
- (x) as at the Latest Practicable Date, there was no agreement or arrangement to which the Offeror and/or parties acting in concert with it is a party which relates to circumstances in which it may or may not invoke or seek to invoke a condition to the Offer.

Stamp duty

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

Effects of accepting the Offer

By accepting the Offer, the relevant Independent Shareholders will sell their Shares to the Offeror or its nominee(s) free from all liens, claims and Encumbrances and with all rights attached thereto, including but not limited to the right to receive all dividends paid, declared or made, if any, on or after the date on which the Offer is made, being the date of the posting of this Composite Document.

Acceptance of the Offer will be irrevocable and not capable of being withdrawn, except as permitted under the Takeovers Code.

The Offer is unconditional in all respects and will remain open for acceptance from the date of this Composite Document until 4:00 p.m. (Hong Kong time) on the Closing Date unless the Offeror revises or extends the Offer in accordance with the Takeovers Code. Acceptance of the Offer tendered by the Independent Shareholders shall be unconditional and irrevocable once given and cannot be withdrawn except as permitted under the Takeovers Code.



中州國際融資有限公司

CENTRAL CHINA INTERNATIONAL CAPITAL LIMITED

Payment

Payment in cash in respect of acceptances of the Offer will be made as soon as possible but in any event, within seven (7) Business Days of the date on which the duly completed acceptances of the Offer and the relevant documents of title in respect of such acceptances are received by the Offeror (or its agent) to render each such acceptance complete and valid.

Overseas Shareholders

The Offer will be in respect of securities of a company incorporated in the Cayman Islands and will be subject to the procedural and disclosure requirements of Hong Kong, which may be different from other jurisdictions. The Independent Shareholders who wish to participate in the Offer but with a registered address in jurisdictions outside Hong Kong will also 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 Independent Shareholders who have registered addresses outside Hong Kong and wish to accept the Offer should satisfy themselves as to the full observance of all applicable laws and regulations of the relevant jurisdiction in connection therewith (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 of other taxes due by such accepting Independent Shareholders in respect of such jurisdiction). Acceptance of the Offer by any Independent Shareholders who have registered addresses outside Hong Kong will be deemed to constitute a representation and warranty from such Independent Shareholder to the Offeror that he/she is permitted under all applicable laws and regulations to receive and accept the Offer, that the local laws and requirements have been complied with and that such acceptance shall be valid and binding in accordance with applicable laws. The Independent Shareholders should consult their professional advisers in case of any doubt.

Compulsory acquisition

The Offeror does not intend to avail itself of any powers of compulsory acquisition of the Shares after the close of the Offer.

INFORMATION ON THE COMPANY

Details of the information on the Company are set out in the "Letter from the Board" in this Composite Document.



中州國際融資有限公司

CENTRAL CHINA INTERNATIONAL CAPITAL LIMITED

INFORMATION ON THE OFFEROR

The Offeror is an investment holding company incorporated in the BVI with limited liability and its sole ultimate beneficial owner is Mr. Zhong.

Save for entering into the Sale and Purchase Agreement and obtaining financing for the Offer, the Offeror has not conducted any other business since its incorporation.

Immediately prior to entering into the Sale and Purchase Agreement, the Offeror and parties acting in concert with it did not have any interest in any securities of the Company, and are third parties independent of the Company and its connected persons (as defined under the GEM Listing Rules).

Mr. Zhong and Mr. Yau Wing Keung are the directors of the Offeror.

Mr. Zhong, aged 54, is an experienced investor in various businesses in both Hong Kong and PRC. He has more than 15 years of working experience in property development and in investment business. Mr. Zhong founded Guangdong Puxun Industry Investment Company Limited* (廣東普迅實業投資有限公司), a company principally engaged in industrial investments, investment management, marketing planning, trade and commerce information consulting and business management consulting and Foshan Xingpu Investment Company Limited* (佛山市興普投資有限公司), a company principally engaged in industrial investments, investment management, domestic trading, marketing planning and commodities information consulting.

Mr. Zhong also acts as the honorable chairman of the board of Nenking Holdings Group Company Limited* (能興控股集團有限公司), a company which, together with its subsidiaries and affiliates, is principally engaged in property development, property management, financial services, pharmaceutical, sports and cultural, trading and procurement services and investment holding, and the chairman of Long Lions Basketball Club Co., Ltd.* (龍獅籃球俱樂部股份有限公司) (NEEQ stock code: 871888).

Mr. Zhong obtained a master's degree in management in 2005 and subsequently a doctorate degree in industrial economics in 2008, both from Jinan University.

Mr. Yau Wing Keung, aged 58, obtained a bachelor's degree in social sciences from the University of Hong Kong in 1983. He has over 30 years of working experience in investment banking and financial management across Asia Pacific Region.

* English names for identification purposes only



中州國際融資有限公司

CENTRAL CHINA INTERNATIONAL CAPITAL LIMITED

THE OFFEROR'S INTENTION ON THE GROUP

It is the intention of the Offeror that the Group will continue with its existing principal business. The Offeror does not intend to introduce any major changes to the existing operations and business of the Company immediately after the Offer and will neither redeploy nor dispose of any of the assets (including fixed assets) of the Group other than in the ordinary course of business. Any acquisition or disposal of the assets or business of the Group, if any, will be in compliance with the GEM Listing Rules. The Offeror will conduct a more detailed review on the operations of the Group with a view to formulating a comprehensive business strategy for the Group (the "Review") and subject to the result of the Review, the Offeror may explore other business opportunities and consider whether any asset disposals, asset acquisitions, business divestment, fund raising, restructuring of the business and/or business diversification by the Group will be appropriate in order to enhance its growth.

The Offeror has decided to invest in the Company as it believes that there is potential business growth in the existing businesses of the Company. In particular, it is expected that Mr. Zhong's business experience in the PRC will strengthen the Company's ability to effectively pursue its goal of developing its business in the video conferencing and multimedia audiovisual solution industry in the PRC.

No particular investment or business opportunities have been identified as at the Latest Practicable Date. In the event that any business opportunities materialize or the Offeror introduces any major changes to the existing operation and business of the Group after the Review, further announcement will be made by the Company as and when required under the GEM Listing Rules.

The Offeror has nominated, and the Board has approved, Mr. Man Ho Yin, Danny to be appointed as financial controller of the Company and Ms. Ng Tsz Wai to be appointed as company secretary with effect from the Closing Date. The Offeror also intends to nominate new personnel to be appointed as authorised representatives of the Company, with effect from the Closing Date. Mr. Wong Kan Fai, Michael, being the current financial controller of the Company, Mr. Wong Yiu Leung, being the current company secretary of the Company, and Mr. Chan Wing Yiu and Mr. Wong Yiu Leung, being the current authorised representatives of the Company, have resigned from their abovementioned offices, with effect from the Closing Date. Further details of the change of personnel will be disclosed by way of an announcement in accordance with the GEM Listing Rules.

Save as disclosed above and herein, as at the Latest Practicable Date, the Offeror has no intention to discontinue the employment of the employees of the Company or the



Group.

PROPOSED CHANGE TO THE BOARD COMPOSITION OF THE COMPANY

The Board is currently made up of eight Directors. The executive Directors are Mr. Tong Sai Wong, Mr. Chan Wing Yiu, Mr. Chan Wing Lun; the non-executive Directors are Dr. Wong King Keung and Mr. Lin Wing Ching; and the independent non-executive Directors are Dr. Chan Man Hung, Dr. Lai Wing Chueng and Mr. Lum Pak Sum.

Mr. Lin Wing Ching, Dr. Chan Man Hung and Dr. Lai Wing Chueng have resigned as Directors, with effect from the Closing Date. Furthermore, Mr. Tong Sai Wong has resigned as chairman of the Company, with effect from the Closing Date.

The Offeror has nominated, and the Board has approved, Mr. Zhong, Mr. Yau Wing Keung, Mr. Lai Hing Kwong, Joseph, Mr. Fung Chan Man, Alex and Mr. Fong Chi to be appointed as Directors, among whom Mr. Zhong and Mr. Yau Wing Keung to be appointed as executive Directors, Mr. Lai Hing Kwong, Joseph, Mr. Fung Chan Man, Alex and Mr. Fong Chi to be appointed as independent non-executive Directors, and Mr. Zhong to be appointed as chairman of the Board, with effect from the Closing Date. Such appointments to the Board will be made in compliance with the Takeovers Code and the GEM Listing Rules, and will be disclosed by way of an announcement in accordance with the GEM Listing Rules.

Save for the brief biographical information of Mr. Zhong and Mr. Yau Wing Keung which has been disclosed in the section headed "Information on the Offeror" the biographical details of the three other nominated Directors are set out below:

Mr. Lai Hing Kwong, Joseph, aged 60, obtained an honours degree in management studies and economics from the University of Hong Kong in 1981 and subsequently a MBA degree from University of Toronto in 1993. He has over 35 years of working experience in corporate and merchant banking, corporate finance and direct investments.

Mr. Fung Chan Man, Alex, aged 55, obtained a BSc (Hons) degree in electrical and electronic engineering from the University of Bath in 1986 and subsequently a MBA degree from Heriot-Watt University. He has over 15 years of working experience in financial market and corporate finance activities in both Hong Kong and China. Currently, Mr. Fung is the independent non-executive director of E-Kong Group Limited (stock code: 524), Luxey International (Holdings) Limited (stock code: 8041) and On Real International Holdings Limited (stock code:8245).

Mr. Fong Chi, aged 33, obtained a bachelor's degree of business administration



中州國際融資有限公司

CENTRAL CHINA INTERNATIONAL CAPITAL LIMITED

from the University of Hong Kong in 2006. He has in total over 10 years of working experience in an international accounting firm and in a corporate finance role in a Hong Kong technology company, with extensive experience in financial reporting, auditing, mergers and acquisitions and initial public offerings. Currently, Mr. Fong is a member of the Hong Kong Institute of Certified Public Accountants.

The Offeror believes that the appointment of the new Directors is in the best interest of the Company and its Shareholders as a whole. The Offeror believes that Mr. Zhong's experience in founding and managing successful businesses, as well as his extensive network of business relationships in the PRC, will strengthen the Company's ability to effectively pursue its goal of developing its business in the video conferencing and multimedia audiovisual solution industry in the PRC. In addition, Mr. Yau Wing Keung, Mr. Lai Hing Kwong, Joseph, Mr. Fung Chan Man, Alex and Mr. Fong Chi each have over 10 years of experience working in the fields of finance and accounting, which the Offeror believes will allow them to provide financial management expertise to the Company.

MAINTENANCE OF THE LISTING STATUS AND SUFFICIENT PUBLIC FLOAT 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 Shares, are held by the public, or if the Stock Exchange believes that:

- (i) a false market exists or may exist in the trading of the Shares; or
- (ii) that there are insufficient Shares in public hands to maintain an orderly market, it will consider exercising its discretion to suspend trading in the Shares.

The Offeror intends for the Company to remain listed on the Stock Exchange. The directors of the Offeror and the new directors to be appointed to the Board of the Company 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. In the event that the public float of the Company falls below 25% immediately after the close of the Offer, the Company may make an application with the Stock Exchange for a temporary waiver from strict compliance with Rule 11.23(7) of the GEM Listing Rules for a certain period commencing from the date of closing of the Offer.

TAX IMPLICATIONS

None of the Company, the Offeror, CCIC, the Independent Financial Adviser, the Registrar or any of their respective directors or any other parties involved in the



中州國際融資有限公司

CENTRAL CHINA INTERNATIONAL CAPITAL LIMITED

Offer is in a position to advise the Independent Shareholders on their individual tax implications. The Independent Shareholders are recommended to consult their own professional advisers as to the tax implications that may arise from accepting the Offer. None of the Company, the Offeror, CCIC, the Independent Financial Adviser, the Registrar, the professional advisers to the Company and the Offeror or any of their respective directors or any other parties involved in the Offer accepts any responsibility for any tax effect on, or liabilities of, the Independent Shareholders.

ACCEPTANCE AND SETTLEMENT

Your attention is drawn to the further details regarding the procedures for acceptance and settlement and acceptance period as set out in Appendix I to this Composite Document and the Form of Acceptance.

GENERAL

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

The attention of the Overseas Shareholders (if any) is drawn to the section headed "7. Overseas Shareholders" in Appendix I to this Composite Document.

All documents and remittances will be sent to the Independent Shareholders through ordinary post at their own risk. These documents and remittances will be sent to the Independent Shareholders at their respective addresses as appear in the register of members of the Company, or in the case of joint Independent Shareholders, to the Independent Shareholder whose name appears first in the said register of members of the Company. None of the Offeror, the Company, CCIC, the Independent Financial Adviser, the Registrar, or any of their respective directors or professional advisers or any other parties involved in the Offer will be responsible for any loss or delay in transmission or any other liabilities that may arise as a result thereof.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information regarding the Offer set out in the appendices to this Composite Document and the accompanying Form of Acceptance, which form part of this Composite Document. In addition, your attention is also drawn to



中州國際融資有限公司

CENTRAL CHINA INTERNATIONAL CAPITAL LIMITED

the “Letter from the Board”, the “Letter from the Independent Board Committee” and the “Letter from the Independent Financial Adviser” and other information about the Group, which are set out in this Composite Document.

Yours faithfully,
for and on behalf of
Central China International Capital Limited

Billy Cheung
General Manager