



英皇企業融資
Emperor Corporate Finance

To the Offer Shareholders:

15 July 2025

Dear Sir or Madam,

**MANDATORY UNCONDITIONAL CASH OFFER BY
EMPEROR CORPORATE FINANCE LIMITED
FOR AND ON BEHALF OF THE OFFEROR TO ACQUIRE ALL THE
ISSUED SHARES IN
HOME CONTROL INTERNATIONAL LIMITED
(OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE
ACQUIRED BY THE OFFEROR)**

INTRODUCTION

References are made to the Joint Announcement in relation to, among other things, the Completion of the SPA and the Offer. Unless otherwise specified, capitalised terms used in this letter shall have the same meanings as those defined in this Composite Document.

As disclosed in the Joint Announcement, on 24 June 2025, the Offeror (as purchaser) and the Seller (as seller) entered into the SPA, pursuant to which the Offeror had conditionally agreed to purchase, and the Seller had conditionally agreed to sell, the Sale Shares, being 375,000,000 Shares, representing approximately 74.02% of the total number of issued Shares as at the date of Joint Announcement. The total Consideration for the Sale Shares was HK\$230,000,000, representing approximately HK\$0.6133 per Sale Share, subject to the Consideration Adjustment. Completion took place on 24 June 2025.

Immediately before Completion, the Offeror and the Offeror Concert Parties did not hold, own, have control or direction over any Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company. Immediately after Completion and as at the Latest Practicable Date, the Offeror owned 375,000,000 Shares, representing approximately 74.02% of the total number of issued Shares. The Offeror is accordingly required to make a mandatory unconditional general offer for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror) pursuant to Rule 26.1 of the Takeovers Code.

This letter forms part of this Composite Document and sets out, among other things, details of the terms of the Offer, the information of the Offeror and the intention of the Offeror in relation to the Group. Further details of the terms and the procedures of acceptance of the Offer are set out in Appendix I to this Composite Document and the accompanying Form of Acceptance.

MANDATORY UNCONDITIONAL CASH OFFER

Principal terms of the Offer

Emperor Corporate Finance, for and on behalf of the Offeror, is making the Offer in compliance with the Takeovers Code on the following basis:

Offer Price for each Offer Share HK\$0.616 in cash

The Offer Price of HK\$0.616 per Offer Share under the Offer is no less favourable than the Consideration per Sale Share of approximately HK\$0.6133 paid by the Offeror under the SPA. For the avoidance of doubt, the Offer Price will not be affected by any deduction to the Consideration that may be made pursuant to the Consideration Adjustment.

The Company has confirmed that as at the Latest Practicable Date, save for the 2024 Final Dividend, (i) it had not declared any dividend which is outstanding and not yet paid; and (ii) it did not have any intention to make, declare or pay any future or make other distributions until the close of the Offer. The record date for the 2024 Final Dividend was 8 July 2025 and its expected payment date is on or around 22 August 2025. The Offeror will not reduce the Offer Price per Offer Share by the 2024 Final Dividend per Share.

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

The Offer is unconditional in all respects, and is extended to all Offer Shareholders. The Offer Shares to be acquired under the Offer shall be fully paid and free from all Encumbrances and together with all rights and benefits attaching to them as at the date of the Composite Document or subsequently becoming attached to them, including but not limited to the right to receive all dividends, distributions and any return of capital, if any, which may be paid, made or declared or agreed to be made or paid thereon or in respect thereof on or after the date on which the Offer are made, being the date of the Composite Document.

Comparison of value

The Offer Price of HK\$0.616 per Offer Share represents:

- (i) a discount of 39.61% to the closing price of HK\$1.020 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of 35.02% to the average closing price of HK\$0.948 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days up to and including the Last Trading Day;
- (iii) a discount of 33.55% to the average closing price of HK\$0.927 per Share as quoted on the Stock Exchange for the last ten (10) consecutive trading days up to and including the Last Trading Day;

- (iv) a discount of 25.87% to the average closing price of approximately HK\$0.831 per Share as quoted on the Stock Exchange for the last thirty (30) consecutive trading days up to and including the Last Trading Day;
- (v) a discount of 75.16% to the closing price of approximately HK\$2.480 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and
- (vi) a premium of 58.97% over the audited consolidated net asset value of the Company of US\$0.0497 (equivalent to approximately HK\$0.3875 based on an exchange rate of US\$1 to HK\$7.8) per Share as at 31 December 2024, being the date to which the latest audited consolidated annual results of the Group were made up and 506,650,000 Shares in issue as at the Latest Practicable Date.

Highest and lowest Share prices

The highest and the lowest closing prices of the Shares as quoted on the Stock Exchange during the Relevant Period were HK\$0.295 per Share on 22 January 2025 and HK\$2.840 per Share on 2 July 2025, respectively.

Total value of the Offer

As at the Latest Practicable Date, there were 506,650,000 Shares in issue.

The Company has adopted a share award scheme on 20 August 2020. As at the Latest Practicable Date, no award Shares remained outstanding and unvested under the share award scheme, and the Company has confirmed that it has no intention to grant any new award Shares under the share award scheme during the offer period (as defined under the Takeovers Code).

As at the Latest Practicable Date, the Company did not have any outstanding convertible securities, warrants, options or derivatives or relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in issue which may confer any rights to subscribe for, convert or exchange into Shares and had not entered into any agreement for the issue of such warrants, options, derivatives or securities which are convertible or exchangeable into Shares.

Assuming that there will be no change in the total number of issued Shares from the Latest Practicable Date to the Closing Date, and excluding the 375,000,000 Shares held by the Offeror, a total of 131,650,000 Shares will be subject to the Offer. On the basis of the Offer Price of HK\$0.616 per Offer Share and 131,650,000 Offer Shares subject to the Offer, the Offer would be valued at, and the maximum cash consideration payable by the Offeror for full acceptance of the Offer would be, HK\$81,096,400.

Financial resources available to the Offeror

The Offeror intends to finance the consideration payable under the Offer with the Facility.

Pursuant to the terms of the Facility, the Facility is secured by the Share Charge, being a charge over the Sale Shares and the Offer Shares to be acquired by the Offeror under the Offer (if any), and such arrangement will not result in a change of the voting rights of the Company before the enforcement of the relevant charge.

The Offeror has no intention that 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 Group.

Emperor Corporate Finance, being the financial adviser to the Offeror in respect of the Offer, is satisfied that sufficient financial resources are available to the Offeror to satisfy the amount of funds payable by the Offeror upon full acceptance of the Offer.

Effect of accepting the Offer

By accepting the Offer, the relevant Offer Shareholder will be deemed to warrant that all Offer Shares to be sold by such person under the Offer are fully paid and free from all Encumbrances and together with all rights and benefits attaching thereto as at the date of the Composite Document or subsequently becoming attached to them, including but not limited to the right to receive in full all dividends, distributions and any return of capital, if any, which may be made or declared or agreed to be made or declared, and the record date of which falls on or after the date on which the Offer is made, being the date of despatch of the Composite Document.

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

Payment

Payment in cash in respect of acceptances of the Offer will be made as soon as possible, but in any event no later than seven (7) Business Days after the date on which the duly completed Forms of Acceptance and the relevant documents of title of the Offer Shares in respect of such acceptances are received by the Registrar in respect of the Offer to render each such acceptance under the Offer complete and valid.

No fractions of a cent will be payable and the amount of the consideration payable to an Offer Shareholder who accepts the Offer will be rounded up to the nearest cent.

Hong Kong stamp duty

The seller's Hong Kong ad valorem stamp duty arising in connection with acceptances of the Offer will be payable by the relevant Offer Shareholders at a rate of 0.1% of the higher 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, and will be deducted from the amounts payable by the Offeror to the relevant Offer Shareholders on acceptance of the Offer.

The Offeror will arrange for payment of the seller's Hong Kong ad valorem stamp duty on behalf of the relevant Offer Shareholders accepting the Offer and will pay the buyer's Hong Kong ad valorem stamp duty in connection with the acceptance 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 Offeror, the Offeror Concert Parties, the Company, Emperor Corporate Finance, the Independent Financial Adviser, the Registrar 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.

Availability of the Offer

The Offeror is making the Offer available to all Offer Shareholders, including the Overseas Shareholders. However, the availability of the Offer to any Overseas Shareholders may be affected by the laws and regulations of the relevant jurisdiction in which they are resident. It is the responsibility of any Overseas Shareholder wishing to take any action in relation to the Offer to satisfy himself, herself or itself as to the full observance of the laws and regulations of the relevant jurisdiction in connection therewith, including the obtaining of all governmental, exchange control or other consents, the compliance with all necessary formalities or legal or regulatory requirements and the payment of any transfer or other taxes or other required payments payable by such Overseas Shareholder in respect of the acceptance of the Offer in such jurisdiction.

Acceptance of the Offer by any Overseas Shareholder will be deemed to constitute a representation and warranty from such Overseas Shareholder to the Offeror that the local laws and requirements have been complied with. Overseas Shareholders should consult their professional advisers if in doubt.

PROCEDURES FOR ACCEPTANCE AND SETTLEMENT

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

INFORMATION ON THE OFFEROR

The Offeror is incorporated in the BVI with limited liability on 26 April 2023. The Offeror is an investment holding company and its issued share capital is beneficially owned as to 1% by Wisdom Tech Innovation Limited and 99% by O-sycamore Holdings Limited.

Wisdom Tech Innovation Limited is an investment holding company wholly-owned by Mr. Yang.

O-sycamore Holdings Limited is an investment holding company wholly-owned by the Thomethan Settlement. The Thomethan Settlement is a discretionary trust established by Mr. Yang as settlor, the discretionary beneficiaries of which are family members of Mr. Yang. Trident Trust Company (HK) Limited, a professional trustee, and Mr. Peter Stocker, a professional trust protector, are the trustee and protector of the Thomethan Settlement, respectively.

Mr. Yang is the sole director of the Offeror.

The reason for the Offeror to acquire the Sale Shares was that Mr. Yang (an indirect shareholder and the sole director of the Offeror) is optimistic about the prospects of the Company and the business of the provision of solutions for sensing and control technologies marketed in the smart home automation, consumer electronics and set-top-box segment, and he considered that the Transaction could improve his investment portfolio to achieve long-term value and returns. For Mr. Yang's experience in the business of the Group, please refer to "Intention of the Offeror in relation to the Group – Changes to the composition of the Board – Appointment" in this letter.

INTENTION OF THE OFFEROR IN RELATION TO THE GROUP

The Offeror intends that the Group will continue to operate its existing business, subject to the detailed review of the financial position and business operations of the Group to be conducted by the Offeror after the close of the Offer for the purpose of formulating a long-term strategy for the Group and exploring other business/investment opportunities for enhancing its future development and strengthening its revenue bases.

The Offeror has no intention to make significant changes to the continued employment of the employees of the Group as a result of the Offer (save as disclosed in "Changes to the composition of the Board" below) or to dispose of or redeploy the fixed assets of the Group other than in the ordinary course of business.

Changes to the composition of the Board

As at the Latest Practicable Date, the Board comprised of one executive Director, being Mr. Kwok Hoong SIU, three non-executive Directors, being Mr. Alain PERROT, Mr. Wei ZHOU and Mr. Ewing FANG, and three independent non-executive Directors, being Mr. Werner Peter VAN ECK, Dr. Shou Kang CHEN and Ms. Keet Yee LAI.

Resignation

As disclosed in the Joint Announcement, pursuant to the SPA, the Seller had procured each of Mr. Wei ZHOU and Mr. Ewing FANG (together, the "**Resigning Directors**") to give, and each of the Resigning Directors had given, notice to:

- (a) resign as non-executive Directors, with effect from the earliest time permitted under the Takeovers Code or by the SFC. Each of the Resigning Directors had confirmed that he had no disagreement with the Board and there was no matter relating to his resignation that needed to be brought to the attention of the Shareholders; and

- (b) resign as directors of HCIL Master Option Limited and Home Control Singapore Pte. Ltd., both being subsidiaries of the Company, with effect from the Completion Date.

As the Offer is unconditional in all respects, under Rule 7 of the Takeovers Code, except with the consent of the Executive, the earliest time permitted for the Resigning Directors' resignations as non-executive Directors to take effect is after the publication of the closing announcement on the Closing Date of the Offer, which is currently expected to be published on the website of the Stock Exchange by no later than 7:00 p.m. on Tuesday, 5 August 2025.

Appointment

To facilitate the business operation, management and strategy of the Group, the Offeror had nominated Mr. Yang as executive Director and Ms. Ma as non-executive Director. The Board had approved such nominations, and the aforesaid appointments of Mr. Yang and Ms. Ma shall take effect from the earliest time as permitted under the Takeovers Code or by the SFC. Under Rule 26.4 of the Takeovers Code, except with the consent of the Executive, the earliest time permitted for the appointments of Mr. Yang as executive Director and Ms. Ma as non-executive Director to take effect is after the Composite Document has been posted, i.e. after Tuesday, 15 July 2025. A further announcement will be made after the appointments of Mr. Yang as executive Director and Ms. Ma as non-executive Director have taken effect.

Details of Mr. Yang and Ms. Ma are as follows:

Mr. YANG Haofang (楊豪放), aged 40, is the sole director of the Offeror. Mr. Yang is a PRC Category A Talent and a fellow of the European Academy of Natural Sciences. Mr. Yang obtained a Singapore Tech.Pass. Mr. Yang has focused his business ventures on development of medical digitization and smart health service industry. Mr. Yang founded OPH Health Pte. Ltd. in 2023 and has been serving as its chief executive officer since then. OPH Health Pte. Ltd. focuses on building an infrastructure network for the primary healthcare industry through digital technology, aiming to achieve universal health coverage by enhancing primary healthcare systems and services, empowering public and private health service providers globally. OPH Health Pte. Ltd. uses advanced detection and artificial intelligence technologies to build a reliable and rich portrait of residents' health data, allowing every participant including the government, residents, medical institutions and other derivative operation service providers to jointly innovate based on the infrastructure network, allowing primary medical data elements to generate greater value.

Mr. Yang has 15 years of work and management experience in the communications industry and digitalization field. Mr. Yang obtained a master's degree from Peking University in the PRC in July 2011. Mr. Yang obtained a certificate as a scientific and technological innovation and entrepreneurship talent in the innovation talent promotion

programme issued by the Ministry of Science and Technology of the PRC in 2019 and served as an initiating expert to the Internet Society of China's "Internet +" Research Advisory Center in 2016.

Ms. MA Ying (馬鷹), aged 58, serves in multiple capacities, including as a research librarian (same level as professor) and an investor. She was also involved in various public welfare activities. Ms. Ma participated in the establishment of Zhejiang Jack Ma Public Welfare Foundation and served as its chairman and legal representative in 2014. She was appointed as a consultant by Park Ying Guoshi (Shanghai) Equity Investment Fund Partnership (Limited Partnership) in 2018. She was appointed as the investment director of OPH Health Pte. Ltd. in 2023. For details of OPH Health Pte. Ltd., please refer to the biography of Mr. Yang above.

As at the Latest Practicable Date, save (a) for Mr. Yang's and Ms. Ma's appointments as Directors as disclosed above; and (b) that Mr. Yang is the settlor of the Thomethan Settlement (which is indirectly interested in 99% of the shares of the Offeror) and is therefore deemed to be interested in the 375,000,000 Shares held by the Offeror pursuant to Part XV of the SFO, and the sole director of the Offeror (for details, please see "Information on the Offeror" above), each of Mr. Yang and Ms. Ma (i) did not hold any other position with the Company or any of its subsidiaries; (ii) had not hold any other directorship in, or direct or indirect interest in 10% or more of the issued share capital of, any other public companies the securities of which are listed on any security market in Hong Kong or overseas in the three years prior to the Latest Practicable Date; (iii) did not have any relationship with any directors, senior management or substantial or controlling shareholders (as defined under the Listing Rules) of the Company; (iv) does not have any interest in the Shares or underlying Shares in the Company (within the meaning of Part XV of the SFO). There is no other information in relation to the appointments of Mr. Yang and Ms. Ma that is required to be disclosed nor are/were they involved in any of the matters required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules and there is no other matter that needs to be brought to the attention of the Shareholders.

The Offeror believes that Mr. Yang and Ms. Ma will bring complementary expertise and networks that can enhance the Group's business in the sensing and control technologies for smart home automation, consumer electronics, and set-top-box segments. Specifically, the Offeror believes that:

- (a) Mr. Yang's experience in medical digitisation and smart health services and his leadership at OPH Health Pte. Ltd demonstrate his knowledge in sensor technologies, artificial intelligence (AI)-driven data analytics, and Internet of Things (IoT) integration, which are directly applicable to smart home automation and connected devices. The Offeror also believes that with 15 years of experience in the communications industry and digitalization field, Mr. Yang has a deep understanding of data transmission, connectivity protocols, and edge computing, which are critical for optimising smart home and set-top-box solutions. Additionally, the Offeror expects that Mr. Yang's recognition as a PRC Category A Talent and his role in China's "Internet+" Research Advisory Center would provide valuable connections to the Group, facilitating future partnerships and projects as and when favourable opportunities arise; and

- (b) Ms. Ma's background as a research librarian (same level as professor) positions her as a valuable resource for identifying emerging trends in the Group's businesses. Her involvement in investment activities is also expected to bring financial acumen and business networks to the Group, which would be beneficial to its business in competitive markets like consumer electronics. Furthermore, the Offeror expects that Ms. Ma's public welfare engagements would help enhance the Group's corporate social responsibility profile, which is increasingly important for consumer-facing smart home products, particularly those emphasising sustainability.

PUBLIC FLOAT

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 (excluding treasury Shares, if any) 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) there are insufficient Shares in public hands to maintain an orderly market,

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

The Offeror intends the Company to remain listed on the Stock Exchange, and does not intend to avail itself of any powers of compulsory acquisition of any Shares outstanding after the close of the Offer. The sole director of the Offeror (namely Mr. Yang) and the new directors to be appointed to the Board (namely Mr. Yang and Ms. Ma) have jointly and severally undertaken to the Exchange to take appropriate steps (including but not limited to placement or issue of new Shares) to ensure that sufficient public float as required under the Listing Rules exists in the Shares after the close of the Offer.

GENERAL

To ensure equality of treatment of all Offer Shareholders, those Offer Shareholders who hold Shares as nominees on behalf of 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.

All documents and remittances will be sent to the Offer Shareholders by ordinary post at their own risk. These documents and remittances will be sent to them at their respective addresses as they appear in the register of members of the Company, or, in case of joint holders to the Offer Shareholder whose name appears first in the said register of members. None of the Offeror, the Offeror Concert Parties, the Company, Emperor Corporate Finance, the Independent Financial Adviser, the Registrar and their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Offer will be responsible for any loss or delay in transmission of such documents and remittances 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. You are also reminded 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” set out in Parts V, VI and VII of this Composite Document, respectively and to consult your professional advisers as you see fit, before deciding whether or not to accept the Offer.

Yours faithfully,
For and on behalf of
Emperor Corporate Finance Limited

A handwritten signature in black ink, consisting of several fluid, overlapping strokes that form a stylized 'Y' and 'N' shape.

Chan Yiu Nam
Managing Director