



HOME CONTROL INTERNATIONAL LIMITED

(Incorporated in Cayman Islands with limited liability)

(Stock Code: 1747)

Executive Director:

Mr. Kwok Hoong SIU
(Chief Executive Officer) (蕭國雄)

Non-executive Directors:

Mr. Alain PERROT (Chairman of the Board)
Mr. Wei ZHOU (周巍)
Mr. Ewing FANG (方又圓)

Independent Non-executive Directors:

Mr. Werner Peter VAN ECK
Dr. Shou Kang CHEN (陳壽康)
Ms. Keet Yee LAI

Registered Office:

Sertus Chambers, Governors Square
Suite #5-204, 23 Lime Tree Bay Avenue
P.O. Box 2547
Grand Cayman, KY1-1104 Cayman
Islands

*Headquarters and principal place of
business in Singapore:*

1 Payar Lebar Link
PLQ1 #04-01 (Office 448)
Singapore 408533

*Principal Place of Business in
Hong Kong Registered under
Part 16 of the Companies Ordinance:*

Room 1901, 19/F
Lee Garden One 33
Hysan Avenue
Causeway Bay
Hong Kong

15 July 2025

To the Offer Shareholders

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 24 June 2025 jointly issued by the Offeror and the Company in relation to, among others, 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 the SPA.

The total Consideration for the Sale Shares is HK\$230,000,000, representing approximately HK\$0.6133 per Sale Share, subject to the following potential Consideration Adjustment: If, after Completion, the Seller receives payment of the 2024 Final Dividend from the Company, the Seller shall pay to the Offeror an amount equal to such 2024 Final Dividend received. 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 Consideration for the Transaction was arrived at based on arm's length negotiations between the Offeror and the Seller having regard to, among others, the historical market prices and trading liquidity of the Shares and the listing status of the Company. 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 owns 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 others, details of the Offer, information on the Offeror and its intentions in relation to the Company. Further details of the terms of the Offer and the procedures of acceptance of the Offer are set out in Appendix I to this Composite Document and in the accompanying Form of Acceptance.

THE INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee comprising Mr. Werner Peter VAN ECK, Dr. Shou Kang CHEN and Ms. Keet Yee LAI (being all independent non-executive Directors), who have no direct or indirect interest in the Offer, has been established pursuant to Rule 2.1 of the Takeovers Code to make a recommendation to the Offer Shareholders as to whether the terms of the Offer are fair and reasonable and as to acceptance of the Offer.

Mr. Alain PERROT, being a non-executive Director, has a cash-settled derivative interest in NHPEA IV Home Control Netherlands B.V. by way of an agreement between him and Morgan Stanley Private Equity Asia IV, L.L.C. Accordingly, Mr. Alain PERROT is not considered independent to be a member of the Independent Board Committee.

Mr. Wei ZHOU and Mr. Ewing FANG, being non-executive Directors, are currently employed for private equity investment business by Morgan Stanley Asia Limited, which is the Asian branch of Morgan Stanley. Meanwhile, the Seller is held by a fund managed by the private equity arm of Morgan Stanley. Accordingly, each of Mr. Wei ZHOU and Mr. Ewing FANG is not considered independent to be a member of the Independent Board Committee.

Rainbow Capital has been appointed to advise the Independent Board Committee in respect of the Offer and as to whether the Offer are fair and reasonable and as to acceptance of the Offer pursuant to Rule 2.1 of the Takeovers Code. Such appointment has been approved by the Independent Board Committee pursuant to Rule 2.1 of the Takeovers Code.

You are advised to read the “Letter from the Independent Board Committee” addressed to the Offer Shareholders, the “Letter from the Independent Financial Adviser” and the additional information contained in the appendices to this Composite Document before taking any actions in respect of the Offer.

SHAREHOLDING STRUCTURE OF THE COMPANY

The table below sets out the shareholding structure of the Company (i) immediately before Completion; and (ii) as at the Latest Practicable Date:

Shareholders	Immediately before Completion		As at the Latest Practicable Date	
	<i>No. of Shares</i>	<i>Approximate % of issued Shares</i>	<i>No. of Shares</i>	<i>Approximate % of issued Shares</i>
Seller⁽¹⁾	375,000,000	74.02	–	–
Offeror and the Offeror Concert Parties				
Offeror ⁽²⁾	–	–	375,000,000	74.02
<i>Sub-total for the Offeror and the Offeror Concert Parties</i>	–	–	375,000,000	74.02
Offer Shareholders				
Directors				
Alain PERROT ⁽³⁾	1,254,084	0.25	102,084	0.02
Kwok Hoong SIU ⁽⁴⁾	501,634	0.10	501,634	0.10
Public Shareholders	<u>129,894,282</u>	<u>25.64</u>	<u>131,046,282</u>	<u>25.87</u>
Sub-total	<u>131,650,000</u>	<u>25.98</u>	<u>131,650,000</u>	<u>25.98</u>
Total	<u>506,650,000</u>	<u>100.00</u>	<u>506,650,000</u>	<u>100.00</u>

Notes:

* Certain percentage figures included in this table have been subject to rounding adjustments.

- (1) The Seller is a company incorporated in the Netherlands, and is controlled by a fund managed by the private equity arm of Morgan Stanley.
- (2) 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 the protector of the Thomethan Settlement, respectively.

- (3) Mr. Alain PERROT, a non-executive Director, held 1,254,084 Shares as beneficial owner immediately before Completion. Following Mr. Alain PERROT's disposals of 200,000 Shares at the price of HK\$2.70 on 2 July 2025, 352,000 Shares at the price of HK\$2.75 on 3 July 2025 and 400,000 Shares at the price of HK\$2.40 and 200,000 Shares at the price of HK\$2.60 on 8 July 2025, he held 102,084 Shares as beneficial owner as at the Latest Practicable Date.
- (4) These 501,634 Shares were held by Mr. Kwok Hoong SIU as beneficial owner. Mr. Kwok Hoong SIU is an executive Director.

Save as disclosed in Notes (3) and (4) above, none of the Directors hold any Shares as at the Latest Practicable Date.

MANDATORY UNCONDITIONAL CASH OFFER

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 owns 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.

Principal Terms of the Offer

Emperor Corporate Finance, for and on behalf of the Offeror, is making the Offer 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 Offer is unconditional in all respects. The Offer 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.

The Company confirms that as at the Latest Practicable Date, save for the 2024 Final Dividend, (i) it has not declared any dividend which is outstanding and not yet paid; and (ii) it does 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.

Comparison of value

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

- (i) a discount of 75.16% to the closing price of HK\$2.480 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) 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;
- (iii) 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;
- (iv) 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;
- (v) 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; 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

Your attention is drawn to the section headed “Total value of the Offer” in the “Letter from Emperor Corporate Finance” contained in this Composite Document which sets out the value of the Offer.

INFORMATION ON THE GROUP

The Company is a company incorporated in the Cayman Islands with limited liability, and the Shares of which are listed on the Stock Exchange. The principal activity of the Company is investment holding, whilst its major operating subsidiaries are principally engaged in the provision of solutions for sensing and control technologies marketed in the smart home automation, consumer electronics and set-top-box segments.

Your attention is drawn to Appendices II and III to this Composite Document which contain financial information and general information of the Group.

INFORMATION ON THE OFFEROR

Your attention is drawn to the section headed “INFORMATION ON THE OFFEROR” in the “Letter from Emperor Corporate Finance” contained in, and Appendix IV to, this Composite Document.

INTENTION OF THE OFFEROR IN RELATION TO THE GROUP

Your attention is drawn to the section headed “INTENTION OF THE OFFEROR IN RELATION TO THE GROUP” in the “Letter from Emperor Corporate Finance” contained in this Composite Document.

The Board noted that it is the intention of the Offeror 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.

Save for the Offeror’s intention as set out above, as at the Latest Practicable Date, the Offeror had no intention to make significant changes to the continued employment of the employees of the Group as a result of the Offer (except for the proposed changes, if any, to the members of the Board at a time no earlier than that permitted under the Listing Rules and the Takeovers Code or such later time as the Offeror considers to be appropriate, as further disclosed in the paragraph headed “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

Your attention is drawn to the section headed “Changes to the composition of the Board” in the “Letter from Emperor Corporate Finance” contained in this Composite Document.

As disclosed in the Joint Announcement, the Board had approved the Offeror’s nominations of Mr. Yang as executive Director and Ms. Ma as non-executive Director, 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.

PUBLIC FLOAT

Your attention is drawn to the section headed “PUBLIC FLOAT” in the “Letter from Emperor Corporate Finance” contained in this Composite Document.

The Board notes that the Offeror intends to maintain the listing status of the Shares on the Main Board after the close of the Offer, and the sole director of the Offeror and new directors to be appointed to the Board have undertaken to the Stock 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.

RECOMMENDATIONS

Your attention is drawn to the “Letter from the Independent Board Committee” and the “Letter from the Independent Financial Adviser” in this Composite Document, which contain, among others, the advice of the Independent Financial Adviser and the Independent Board Committee in relation to the Offer and the principal factors considered by them in arriving at their recommendations, and in particular, as to whether the terms of the Offer are fair and reasonable and as to the acceptance of the Offer.

ADDITIONAL INFORMATION

Your attention is drawn to additional information set out in the appendices to this Composite Document. You are also recommended to read carefully the “Letter from Emperor Corporate Finance” in, and Appendix I to this Composite Document as well as and the accompanying Forms of Acceptance.

If you are in doubt about your position in connection with the Offer, you should consult a licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional advisers.

By order of the Board of
Home Control International Limited

A handwritten signature in black ink, appearing to read 'Kwok Hoong SIU', with a horizontal line underneath the name.

Kwok Hoong SIU
*Chief Executive Officer and
Executive Director*