
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Home Control International Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



HOME CONTROL INTERNATIONAL LIMITED

(Incorporated in Cayman Islands with limited liability)

(Stock Code: 1747)

(1) CONNECTED TRANSACTION INVOLVING PROPOSED ISSUE OF NEW SHARES TO CONNECTED PERSONS UNDER THE SHARE AWARD SCHEME PURSUANT TO SPECIFIC MANDATE;

AND

(2) NOTICE OF EXTRAORDINARY GENERAL MEETING

Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders



Capitalized terms used in this cover page shall have the same meanings as those defined in this circular.

A letter from the Board is set out on pages 6 to 17 of this circular. A letter from the Independent Board Committee is set out on pages 18 to 19 of this circular. A letter from the Independent Financial Adviser containing its advice and recommendation to the Independent Board Committee and the Independent Shareholders is set out on pages 20 to 29 of this circular.

A notice of the EGM of the Company to be held at 3:00 p.m. on Thursday, 12 November 2020 with a combination of an in-room meeting at 20/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong and a virtual meeting online is set out on pages II-1 to II-3 of this circular.

A form of proxy for use by the Shareholders at the EGM (or any adjournment thereof) is enclosed with this circular. Whether or not you are able to attend the meeting, please complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Hong Kong share registrar of the Company, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as practicable and in any event not later than 48 hours before the time appointed for holding the meeting (i.e. at or before 3:00 p.m. on Tuesday, 10 November 2020 (Hong Kong Time)), or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person or via online at the meeting or any adjourned meeting (as the case may be) should you so wish.

PRECAUTIONARY MEASURES FOR THE EGM

Please refer to page 1 of this circular for the precautionary measures to be implemented at the EGM venue by the Company to safeguard the health and safety of Shareholders and to prevent the spreading of the Novel Coronavirus ("COVID-19") pandemic, including:

- (1) compulsory body temperature checks;
- (2) compulsory wearing of surgical face masks; and
- (3) no refreshments and corporate gifts will be provided.

Any attendee who does not comply with the precautionary measures referred to in (1) to (2) above or is subject to any Hong Kong Government prescribed quarantine may be denied entry to the EGM venue, at the absolute discretion of the Company as permitted by law. For the health and safety of Shareholders, the Company would like to encourage Shareholders to consider attending the EGM through the internet and voting online, or to exercise their right to vote at the EGM by appointing the Chairman of the EGM as their proxy and to return their forms of proxy by the time specified above, instead of attending the EGM in person.

27 October 2020

CONTENTS

	<i>Page</i>
PRECAUTIONARY MEASURES FOR THE EGM	1
DEFINITIONS	2
LETTER FROM THE BOARD	6
1. INTRODUCTION	6
2. DETAILS OF THE AWARD OF CONNECTED AWARD SHARES	7
3. REASON AND BASIS FOR THE AWARD OF THE AWARD SHARES ..	13
4. LISTING RULES IMPLICATIONS	14
5. INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER	15
6. EGM	15
7. INFORMATION OF THE GROUP	16
8. RESPONSIBILITY STATEMENT	16
9. RECOMMENDATION	17
LETTER FROM THE INDEPENDENT BOARD COMMITTEE	18
LETTER FROM THE INDEPENDENT FINANCIAL ADVISER	20
APPENDIX I - GENERAL INFORMATION	I-1
APPENDIX II - NOTICE OF EXTRAORDINARY GENERAL MEETING ..	II-1

PRECAUTIONARY MEASURES FOR THE EGM

In view of the ongoing COVID-19 pandemic and recent requirements for prevention of its spreading, the EGM will be conducted in a hybrid manner with the combination of an in-room meeting and a virtual meeting online. Shareholders will have the option of joining the EGM either (a) through the in-room meeting at 20/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong; or (b) online through the internet by using their smartphones, tablets or computer devices. Meanwhile, the Company will implement the following precautionary measures at the EGM venue to protect attending Shareholders, proxy and other attendees from the risk of infection:

- (1) compulsory body temperature checks will be carried out on all attendees at the entrance of the EGM venue. Any person with a body temperature of over 37.0 degree Celsius, or is exhibiting respiratory symptoms may be denied entry into the EGM venue and be requested to leave the EGM venue;
- (2) all attendees will be required to wear surgical face masks before they are permitted to attend, and during the attendance of, the EGM, and to maintain a safe distance between seats. Please note that no surgical face masks will be provided at the EGM venue and attendees should bring and wear his/her own surgical face masks; and
- (3) no distribution of gift and no refreshments will be served.

Any attendee who does not comply with the precautionary measures referred to in (1) and (2) above or is subject to any Hong Kong Government prescribed quarantine may be denied entry to the EGM venue, at the absolute discretion of the Company as permitted by law.

For the health and safety of Shareholders, the Company would like to encourage Shareholders to consider attending the EGM through the internet and voting online, or to exercise their right to vote at the EGM by appointing the Chairman of the EGM as their proxy, instead of attending the EGM in person. Physical attendance is not necessary for the purpose of exercising Shareholder rights. Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person or via online at the EGM or any adjournment thereof should they subsequently so wish.

DEFINITIONS

In this circular, the following expressions shall have the following meanings unless the context indicates otherwise:

“2020 AGM”	the annual general meeting of the Company held on 26 June 2020;
“Announcement”	the announcement of the Company dated 5 October 2020 in relation to (i) proposed issue of new Shares under the Scheme pursuant to the General Mandate; and (ii) connected transaction involving proposed issue of new Shares to connected persons under the Scheme pursuant to the Specific Mandate;
“Articles of Association”	the articles of association of the Company as amended and restated from time to time;
“Award”	an award of Share(s) granted by the Board to a Selected Grantee pursuant to the Scheme;
“Award Share(s)”	in respect of a Selected Grantee(s), such number of Shares determined by and granted by the Board pursuant to the Scheme;
“Board”	the board of Directors of the Company;
“close associate(s)”	has the same meaning as ascribed to it under the Listing Rules;
“Company”	Home Control International Limited, a company incorporated in Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange;
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended from time to time;
“Connected Award Share(s)”	an aggregate of 2,382,760 Award Shares which are proposed to be allotted and issued to the Connected Selected Grantees;
“connected person(s)”	has the meaning as ascribed to it under the Listing Rules;

DEFINITIONS

“Connected Selected Grantee(s)”	the Selected Grantee who is the executive Director and/or chief executive officer of the Company and directors of certain subsidiaries of the Company, being a connected person of the Company;
“Director(s)”	the director(s) of the Company;
“EGM”	the extraordinary general meeting of the Company to be convened and held to consider, and if thought fit, to approve the proposed allotment and issue of the Connected Award Shares to the Connected Selected Grantee, the Specific Mandate and transactions contemplated thereunder;
“Eligible Participant(s)”	any Employee, Director or senior management of the Company or other Group Members;
“Employee(s)”	any full-time employee(s) of the Group;
“General Mandate”	the general mandate granted by the Shareholders to the Directors to allot, issue and otherwise deal with new Shares at the 2020 AGM;
“Granting Date”	5 October 2020, being the date on which new Award Shares are conditionally awarded to a Selected Grantee(s);
“Group”	the Company and its subsidiaries from time to time;
“Group Member”	any company within the Group;
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Independent Board Committee”	an Independent Board Committee of the Board comprising all the independent non-executive Directors established for the purpose to advise the Independent Shareholders on the proposed allotment of issue of the Connected Award Shares to the Connected Selected Grantee, the Specific Mandate and transactions contemplated thereunder;

DEFINITIONS

“Independent Director(s)”	independent Directors other than the Connected Selected Grantees;
“Independent Financial Adviser” or “Lego” or “Lego Corporate Finance”	Lego Corporate Finance Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activities as defined under the SFO, an independent financial advisor appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in relation to the award of the Connected Award Shares to the Connected Selected Grantees;
“Independent Shareholder(s)”	the Shareholders who are independent of, and not connected with, the Connected Selected Grantee and their respective associates and are not required to abstain from voting at the EGM under the Listing Rules;
“IPO Proceeds”	the net proceeds raised from the initial public offering of the Company on 14 November 2019 after deducting underwriting fees and other related listing expenses;
“Latest Practicable Date”	20 October 2020, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Memorandum and Articles of Association”	the memorandum and the Articles of Association of the Company as amended and restated from time to time;
“Model Code”	the model code as set out in Appendix 10 to the Listing Rules, as amended from time to time;
“Non-connected Selected Grantee(s)”	the Selected Grantee(s) who is not connected with the Company or connected person(s) of the Company;
“Scheme”	the share award scheme adopted by the Company on 20 August 2020, as amended from time to time;
“Scheme Rules”	the rules governing the Scheme adopted by the Board, as amended from time to time;

DEFINITIONS

“Selected Grantee(s)”	those Eligible Participants being selected for participation in the Scheme and conditionally awarded the Award Shares;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time;
“Share(s)”	ordinary share(s) with nominal value of US\$0.01 each in the share capital of the Company;
“Shareholder(s)”	the holder(s) of the Shares;
“Specific Mandate”	the specific mandate to be sought from the Independent Shareholders at the EGM to be convened by the Company to grant the authority to the Board for the allotment and issue of the Connected Award Shares to the Connected Selected Grantees;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiary(ies)”	a company which is for the time being and from time to time a subsidiary (within the meaning given under the Listing Rules) of the Company, whether incorporated in Hong Kong or elsewhere;
“substantial shareholder”	has the same meaning as ascribed to it under the Listing Rules;
“US\$”	United States dollar(s), the lawful currency of the United States of America; and
“%”	per cent.

LETTER FROM THE BOARD



HOME CONTROL INTERNATIONAL LIMITED

(Incorporated in Cayman Islands with limited liability)

(Stock Code: 1747)

Executive Director:

Mr. Alain PERROT (*Chief Executive Officer*)

Non-executive Directors:

Mr. Yu GAO (高煜) (*Chairman*)

Mr. Kwok King Kingsley CHAN (陳國勁)

Independent Non-executive Directors:

Mr. Werner Peter VAN ECK

Mr. Shou Kang CHEN (陳壽康)

Mr. Edmond Ming Siang JAUW

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:*

151 Lorong Chuan,
#04-03A, New Tech Park,
Singapore 556741

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

27 October 2020

To the Shareholders

Dear Sir or Madam,

**(1) CONNECTED TRANSACTION INVOLVING PROPOSED ISSUE OF NEW
SHARES TO CONNECTED PERSONS UNDER THE SHARE AWARD SCHEME
PURSUANT TO SPECIFIC MANDATE;**

AND

(2) NOTICE OF EXTRAORDINARY GENERAL MEETING

1. INTRODUCTION

Reference is made to the Announcement pursuant to which the Company announces that the Board has resolved to award a total of not more than 5,016,337 Award Shares to ten

LETTER FROM THE BOARD

Selected Grantees under the Share Award Scheme, of which 2,382,760 Connected Award Shares are granted to four Connected Selected Grantees and not more than 2,633,577 Award Shares are granted to six Non-connected Selected Grantees. As the Connected Selected Grantees, who are the Director and directors of certain subsidiaries of the Company, are connected persons of the Company, the proposed allotment and issue of the Connected Award Shares to the Connected Selected Grantees constitute connected transactions of the Company under Chapter 14A of the Listing Rules and shall be subject to, among others, the approval by the Independent Shareholders at the EGM.

The purpose of this circular is to provide you with, among other things, (i) further details of the proposed allotment and issue of Connected Award Shares and the Specific Mandate; (ii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Connected Award Shares; (iii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Connected Award Shares; and (iv) notice of the EGM at which resolutions will be proposed to approve the grant of the Specific Mandate for the proposed allotment and issue of the Connected Award Shares to the Connected Selected Grantees.

2. DETAILS OF THE AWARD OF CONNECTED AWARD SHARES

On 5 October 2020, the Board has resolved to, subject to, inter alia, (i) the approval of the Independent Shareholders; and (ii) the granting by the Stock Exchange the listing of, and permission to deal in the Award Shares, grant a total of not more than 5,016,337 Award Shares to ten Selected Grantees at nil consideration under the Scheme, of which (a) 2,382,760 Connected Award Shares are granted to four Connected Selected Grantees by way of the proposed allotment and issue of new Shares pursuant to the Specific Mandate; and (b) not more than 2,633,577 Award Shares are granted to six Non-connected Selected Grantees by way of the proposed allotted and issued of new Shares pursuant to the General Mandate.

The Selected Grantees had been selected and the names of the Connected Selected Grantees are disclosed in the section headed "*Grant of Award to Connected Selected Grantees*" in this letter. The Award Shares granted are subject to acceptance, all or in part of the grant of the Award Shares, by the Selected Grantees within the time as stipulated in the grant letters issued by the Company to the Selected Grantees.

No funds will be raised as a result of the aforementioned proposed allotments and issues. The grant of Award Shares to the Selected Grantees has been approved by the Independent Directors of the Company.

Grant of Award to Connected Selected Grantees

Of a total of not more than 5,016,337 Award Shares, 2,382,760 Connected Award Shares are granted to four Connected Selected Grantees, one of them is a Director and three of them are directors of certain subsidiaries of the Company, and are therefore connected persons of the Company. As such, the allotment and issue of the Connected Award Shares to the Connected Selected Grantees shall constitute

LETTER FROM THE BOARD

connected transactions of the Company under Chapter 14A of the Listing Rules. The allotment and issue of the Connected Award Shares to the Connected Selected Grantees shall subject to, among others, the approval by the Independent Shareholders at the EGM.

Details of the grant of Connected Award Shares to the Connected Selected Grantees are as follows:

Name of Connected Selected Grantee	Relationship with the Group	Number of Connected Award Shares granted to the Connected Selected Grantees	Approximate % of the total issued Shares as of the Latest Practicable Date (%) (Note 1)	Approximate % of the total issued Shares as enlarged by the allotment and issue of the Connected Award Shares (%) (Note 1)
Alain PERROT	Executive Director and Chief Executive Officer	1,254,084	0.250	0.249
Jean Paul ABRAMS	Director of a subsidiary of the Company	250,817	0.050	0.050
Guat Beng NG	Director of certain subsidiaries of the Company	376,225	0.075	0.075
Yue Chun ZHU	Director of certain subsidiaries of the Company	501,634	0.100	0.100
	Total:	<u>2,382,760</u>	<u>0.475</u>	<u>0.473</u>

Note:

- As of the Latest Practicable Date, the total number of Shares in issue is 501,633,663.

Mr. Alain PERROT has abstained from approving the relevant board resolution(s) on (i) the award of the relevant Connected Award Shares to himself, and (ii) the proposed allotment and issue of the Connected Award Shares to him under the Scheme.

LETTER FROM THE BOARD

Grant of Award Shares to Non-Connected Selected Grantees

Of a total of not more than 5,016,337 Award Shares, not more than 2,633,577 Award Shares are granted to six Non-connected Selected Grantees.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Non-connected Selected Grantees are not connected persons of the Company.

The Directors (including the independent non-executive Directors) consider that the award of the Award Shares to the Non-connected Selected Grantees is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Conditions

The proposed allotment and issue of the Connected Award Shares to the Connected Selected Grantees shall be subject to:

- (i) the Stock Exchange having granted the approval for the listing of, and permission to deal in the Connected Award Shares;
- (ii) the approval by the Independent Shareholders at the EGM in respect of the Specific Mandate for the proposed allotment and issue of the Connected Award Shares and the transactions contemplated thereunder; and
- (iii) fulfilment of the conditions as set out in the Scheme Rules and such conditions as specified by the Board.

The proposed allotment and issue of the Award Shares to the Non-connected Selected Grantees shall be subject to:

- (i) the Stock Exchange having granted the approval for the listing of, and permission to deal in such Award Shares; and
- (ii) fulfilment of the conditions as set out in the Scheme Rules and such conditions as specified by the Board.

An application will be made to the Stock Exchange for the listing of, and permission to deal in a total of not more than 5,016,337 Award Shares.

LETTER FROM THE BOARD

Further Details of the Award Shares

The information in relation to the proposed allotment and issue of up to 5,016,337 Award Shares to the Selected Grantees is set out below:

Securities to be issued:	An aggregate of up to 5,016,337 new Shares, comprising (i) 2,382,760 new Shares to be allotted and issued to the Connected Selected Grantee at nil consideration and (ii) an aggregate of up to 2,633,577 new Shares to be allotted and issued to the Non-connected Selected Grantees at nil consideration.
Percentage of Award Shares in the share capital of the Company:	The maximum number of 5,016,337 Award Shares to be allotted and issued by the Company to the Selected Grantees represent approximately 1.00% of the total number of Shares in issue as of the Latest Practicable Date and approximately 0.99% of the total number of Shares in issue as enlarged by the allotment and issue of the maximum number of Award Shares.
Market value of Award Shares:	<p>Pursuant to the Scheme Rules, the Award Shares shall be granted to the Selected Grantees at nil consideration. The average closing price of the Shares for the five consecutive trading days immediately preceding the date of the Latest Practicable Date as quoted on the Stock Exchange is HK\$0.784 per Share.</p> <p>Based on the closing price of HK\$0.80 per Share as quoted on the Stock Exchange as of the Latest Practicable Date, the market values of 2,382,760 Award Shares granted to the Connected Selected Grantees and 2,633,577 Award Shares granted to the Non-connected Selected Grantees are HK\$1,906,208 and HK\$2,106,861.60, respectively.</p>
Status of Award Shares:	The Award Shares, when issued and fully paid, shall rank <i>pari passu</i> among themselves and with the then issued Shares in all respects, which shall include, the right to receive dividends on the Award Shares, dispose of the Award Shares and/or exercise the rights underlying the Award Shares as per his/her own wishes once they are issued.
Identity of the allottee(s):	The Shares will be allotted and issued directly to the relevant Selected Grantees.

LETTER FROM THE BOARD

Vesting dates: The Award Shares shall be vested in two tranches of which: (a) 50% of the Award Shares under the Award shall be vested in the second anniversary of the Granting Date; and (b) 50% of the Award Shares under the Award shall be vested in the third anniversary of the Granting Date.

Vesting conditions: The vesting of the Award Shares is subject to the following conditions as set out in the Scheme Rules and as specified by the Board:

- (a) the Selected Grantees remain his/her employment or service relationship with any Group Member after the Granting Date and before the relevant vesting date;
- (b) no such waiver event occurs on the relevant vesting date; and
- (c) the Selected Grantees and his/her connected persons do not take up employment in any enterprise who operates business competing with that of the Group or engage in such business after the Granting Date and up to the relevant vesting date.

Pursuant to the Scheme Rules, a “waiver event” shall mean any of the following situations:

- (a) the employment or service relationship between the Selected Grantee and the Company or any Group Member is terminated or cancelled by the Company or relevant Group Member with cause; or
- (b) demotion due to the Selected Grantee’s under-performance; or
- (c) non-renewal of the Selected Grantee’s employment or service contract upon expiration; or
- (d) such other situations as deemed fit by the Board from time to time.

LETTER FROM THE BOARD

General Mandate:	Pursuant to the General Mandate, the Company is authorized to allot and issue up to 100,326,732 Shares, representing 20% of the total number of Shares in issue as at the date of the 2020 AGM. As of the Latest Practicable Date, no new Shares has been issued under the General Mandate. Accordingly, the maximum number of new Shares which may be issued by the Company under the General Mandate is 100,326,732 Shares, representing approximately 20% of the total number of Shares in issue as at the date of the 2020 AGM.
Termination of the Scheme:	The Scheme shall terminate on the earlier of: (i) The tenth (10 th) anniversary date of the date of adoption of the Scheme, 20 August 2020; and (ii) Such date of early termination as determined by the Board provided that such termination shall not affect any subsisting rights of any Selected Grantees under the Scheme.

Equity Fund Raising Activities of the Company in the Past 12 Months

The Shares were listed on the Main Board of the Stock Exchange on 14 November 2019 and the IPO Proceeds amounted to approximately HK\$84.93 million (equivalent to approximately US\$10.83 million).

As of the Latest Practicable Date, the details of the use of IPO Proceeds are set out in the table below:

	Planned use of IPO Proceeds (adjusted on a pro rata basis on the actual net proceeds) <i>US\$'million</i>	Utilized IPO Proceeds up to the Latest Practicable Date <i>US\$'million</i>
1. Strategic investment s or acquisitions in the OTT system and/or smart home security products	2.93	0.00
2. Repayment of bank borrowing	2.69	2.69

LETTER FROM THE BOARD

		Planned use of IPO Proceeds (adjusted on a pro rata basis on the actual net proceeds) <i>US\$'million</i>	Utilized IPO Proceeds up to the Latest Practicable Date <i>US\$'million</i>
3.	R&D and develop the products for OTT segment and extend product lines in smart home products	1.82	0.00
4.	Expansion of professional sales force to support business expansion	1.76	0.00
5.	Strengthen the supply chain management and investment by extending beyond the People's Republic of China	0.84	0.84
6.	Working capital and general corporate purposes	0.79	0.00
		10.83	3.53

The unutilized IPO Proceeds will be applied in the same manner as set out in the prospectus of the Company dated 31 October 2019 and are expected to be fully utilized by the end of 2021. The outbreak of COVID-19 has hindered business discussions and due diligence procedures, however the Directors will review the Group's business strategies and specific needs from time to time, and closely monitor the outbreak of COVID-19 and the Company will make further announcement if there are any changes in the use of IPO Proceeds as and when appropriate.

Save as disclosed above, the Company had not carried out any equity fund raising activities in the past 12 months immediately preceding the Latest Practicable Date.

3. REASON AND BASIS FOR THE AWARD OF THE AWARD SHARES

The Scheme forms part of the incentive schemes of the Group. The Board considers that the award of the Award Shares to the Selected Grantees recognizes the contributions made by the Selected Grantees and incentivizes thereto in order to retain them for the continual operation and development of the Group.

LETTER FROM THE BOARD

The four Connected Selected Grantees have been selected by the Board based on various factors, including without limitation, the Group's overall business objectives and future development plans, their contributions to the Group's performance, their main responsibility, length of service, etc., details of which are set out as follows:

Name of Connected Selected Grantees	Roles in the Group	Main Responsibility	Length of Service
Alain PERROT	Executive Director and Chief Executive Officer	Overseeing overall business development and day-to-day operations of the Group	5 years
Jean Paul ABRAMS	Head of Sales	Responsible for sales activities in Europe and leading the Group's sales teams in Europe and Latin America	25 years
Guat Beng NG	Global Financial Controller	Responsible for supervising the compliance of the Group's financial practices, monitoring cash flow, accounts and other financial transactions and overseeing finance teams in day-to-day accounting and finance operations	10 years
Yue Chun ZHU	Head of R&D	Responsible for directing and overseeing all R&D activities and development projects, as well as the continuous improvement & innovation of existing and new products	10 years

In determining the number of Award Shares to be issued to each of the Connected Selected Grantees, the Board has considered, inter alia, (i) the historical contributions and job responsibilities of the Connected Selected Grantees; (ii) the continuing contribution to the Group's future development of the Connected Selected Grantees; (iii) whether the grant is a fair representation of the Connected Selected Grantees' respective historical contributions to the Group with reference to their respective job responsibilities; and (iv) whether the grant is a sufficient motivation for continuing contribution in the Group.

4. LISTING RULE IMPLICATIONS

The Scheme does not constitute a share option scheme of the Company for the purpose of Chapter 17 of the Listing Rules. No Shareholders' approval is required for the adoption of the Scheme.

LETTER FROM THE BOARD

As the Connected Selected Grantees, who are the Director and directors of certain subsidiaries of the Company, are connected persons of the Company. Therefore, the proposed allotment and issue of the Connected Award Shares to the Connected Selected Grantees shall constitute connected transactions of the Company under Chapter 14A of the Listing Rules and shall be subject to, among others, the approval by the Independent Shareholders at the EGM.

5. INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee, comprising all the independent non-executive Directors, has been formed to consider and to advise the Independent Shareholders as to: (i) whether the terms of the proposed allotment and issue of the Connected Award Shares to the Connected Selected Grantees are fair and reasonable and in the interests of the Company and the Shareholders as a whole; and on normal commercial terms or better and in the ordinary and usual course of business of the Group; and (ii) to recommend whether or not the Independent Shareholders should vote in favor of the ordinary resolutions to be proposed at the EGM to approve the above. These resolutions will be proposed at the EGM and are set out in the notice of the EGM as contained in this circular.

Lego Corporate Finance Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activities as defined under the SFO has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the award of the Connected Award Shares to the Connected Selected Grantees described herein.

6. EGM

A notice of the EGM is set out in Appendix II to this circular. At the EGM, resolutions will be proposed, inter alia, to approve the grant of Specific Mandate for the allotment and issue of the Connected Award Shares to the Connected Selected Grantees.

The Company will conduct the EGM with the combination of an in-room meeting and a virtual meeting online. Shareholders will have the option of joining the EGM either (a) through the in-room meeting at 20/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong; or (b) online through the internet by using their smartphones, tablets or computer devices. Registered Shareholders will be able to attend the EGM, vote and submit questions online. CCASS non-registered Shareholders whose Shares are held in the Central Clearing and Settlement System through banks, brokers, custodians or Hong Kong Securities Clearing Company Limited may also be able to attend the EGM, vote and submit questions online. In this regard, they should consult directly with their banks, brokers or custodians (as the case may be) for the necessary arrangements.

In accordance with the requirements of the Listing Rules, all votes at the EGM will be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted by a show of hands. An announcement on the poll vote results will be made by the Company after the EGM in the manner prescribed under Rule 13.39(5) of the Listing Rules.

LETTER FROM THE BOARD

For determining the eligibility to attend and vote at the EGM, the transfer books and register of members of the Company will be closed from Monday, 9 November 2020 to Thursday, 12 November 2020 (both days inclusive), during which period no share transfers can be registered. All transfers accompanied by the relevant share certificates must be lodged with the Hong Kong share registrar of the Company, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Friday, 6 November 2020.

A form of proxy for the EGM is enclosed herewith. Whether or not you are able to attend the EGM, you are requested to complete the form of proxy and return it to the Hong Kong share registrar of the Company, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong in accordance with the instructions printed thereon as soon as practicable but in any event not later than 48 hours before the time appointed for holding the EGM (i.e. at or before 3:00 p.m. on Tuesday, 10 November 2020 (Hong Kong Time)), or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person or via online at the EGM or any adjourned meeting (as the case may be) should you so wish and in such event, the proxy form shall be deemed to be revoked.

To the best of the knowledge, information and belief of the Board, as of the Latest Practicable Date, no Shareholders is required to abstain from voting on the resolution(s) to approve the proposed allotment and issue of the Connected Award Shares to the Connected Selected Grantees and the transactions contemplated thereunder and the grant of Specific Mandate at the EGM to be convened by the Company.

7. INFORMATION OF THE GROUP

The Group is principally engaged in the provision of home control solution in the global market.

8. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

LETTER FROM THE BOARD

9. RECOMMENDATION

The Directors (including the independent non-executive Directors) consider that the award of the Connected Award Shares to the Connected Selected Grantees is in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Independent Shareholders to vote in favor of the relevant resolutions to be proposed at the EGM to approve the grant of the Specific Mandate for the proposed allotment and issue of the Connected Award Shares to the Connected Selected Grantees.

Your attention is drawn to (i) the letter from the Independent Board Committee set out on pages 18 to 19 of this circular, which contains its recommendation to the Independent Shareholders as to the grant of the Connected Award Shares to the Connected Selected Grantees; and (ii) the letter from the Independent Financial Adviser set out on pages 20 to 29 of this circular, which contains its advice to the Independent Board Committee and the Independent Shareholders in relation to the grant of the Connected Award Shares to the Connected Selected Grantees and reasons considered by it in arriving at its opinion.

Yours faithfully,
On behalf of the Board
Home Control International Limited
Yu GAO
Chairman and Non-executive Director



HOME CONTROL INTERNATIONAL LIMITED

(Incorporated in Cayman Islands with limited liability)

(Stock Code: 1747)

27 October 2020

To the Independent Shareholders

Dear Sir or Madam

**CONNECTED TRANSACTION INVOLVING PROPOSED ISSUE OF
NEW SHARES TO CONNECTED PERSONS UNDER THE SHARE AWARD
SCHEME PURSUANT TO SPECIFIC MANDATE**

We refer to the circular of the Company dated 27 October 2020 (the “Circular”), of which this letter forms part. Unless the context requires otherwise, terms defined in the Circular have the same meaning when used in this letter.

We have been appointed by the Board as the members of the Independent Board Committee to consider and to advise the Independent Shareholders in relation to the proposed allotment and issue of Connected Award Shares to the Connected Selected Grantees and the Specific Mandate. Lego has been appointed as the Independent Financial Adviser to advise us and the Independent Shareholders in this regard. The text of the letter of advice from Lego to the Independent Board Committee and the Independent Shareholders is set out on pages 20 to 29 of the Circular.

We also wish to draw your attention to the letter from the Board, as set out on pages 6 to 17 of the Circular.

We have considered the principal factors taken into account by the Independent Financial Adviser in arriving at its opinion in respect of the proposed allotment and issue of the Connected Award Shares to the Connected Selected Grantees and the Specific Mandate, and we are of the view that the terms of the proposed allotment and issue of the Connected Award Shares to the Connected Selected Grantees are (i) fair and reasonable and in the interests of the Company and the Shareholders as a whole; and (ii) on normal commercial terms and incidental to the Group’s development of its ordinary and usual course of business though not in the ordinary course of business of the Group. Accordingly, we recommend that the Independent Shareholders vote in favor of the

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

resolutions to be proposed at the EGM in respect of the proposed allotment and issue of Connected Award Shares to the Connected Selected Grantees, the Specific Mandate, and the transactions contemplated thereunder.

Yours faithfully,
On behalf of the
Independent Board Committee
Home Control International Limited

Mr. Werner Peter VAN ECK
Independent non-executive Director

Mr. Shou Kang CHEN
Independent non-executive Director

Mr. Edmond Ming Siang JAUW
Independent non-executive Director

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of a letter of advice from Lego Corporate Finance, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of incorporation in this circular, setting out its advice to the Independent Board Committee and the Independent Shareholders in respect of the grant of the Award Shares to the Connected Selected Grantees under the Scheme.



27 October 2020

To the Independent Board Committee and the Independent Shareholders

Dear Sirs or Madams,

**CONNECTED TRANSACTION INVOLVING PROPOSED ISSUE OF NEW SHARES
TO CONNECTED PERSONS UNDER THE SHARE AWARD SCHEME
PURSUANT TO SPECIFIC MANDATE**

INTRODUCTION

We refer to our appointment as the independent financial adviser to the Independent Shareholders in respect of the grant of the Award Shares to the Connected Selected Grantees under the Scheme, details of which are set out in the “Letter from the Board” (the “**Letter from the Board**”) contained in the circular issued by the Company to the Shareholders dated 27 October 2020 (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

On 5 October 2020, the Board has resolved to award a total of not more than 5,016,337 Award Shares, representing approximately 1.00% of the total issued Shares as at the date of the Announcement, to ten Selected Grantees pursuant to the Scheme, in order to recognize the contributions of such Selected Grantees and in driving the continuous business operation and development of the Group.

Assuming that a total of not more than 5,016,337 Award Shares are to be allotted and issued by the Company to the Selected Grantees, such Award Shares shall represent (i) approximately 1.00% of the total issued Shares as at the date of the Announcement; and (ii) approximately 0.99% of the total issued Shares as enlarged by the allotment and issue of the Award Shares (assuming there is no change in the total issued Shares from the date of the Announcement up to the proposed allotment date of the new Award Shares, other than the proposed allotment and issue of the Award Shares).

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As at the date of the Announcement and the Latest Practicable Date, a total of not more than 5,016,337 Award Shares, (i) 2,382,760 Award Shares are granted to four Connected Selected Grantees, one of them is a Director and three of them are directors of certain subsidiaries of the Company, and are therefore connected persons of the Company; and (ii) not more than 2,633,577 Award Shares are granted to six Non-connected Selected Grantees, all of them are being Employees of the Group. As such, pursuant to Rule 14A.12(1)(b) of the Listing Rules, the Connected Selected Grantees are connected person of the Company and the issue of the Award Shares shall constitute a connected transaction of the Company and is subject to the reporting, announcement and the shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules. Mr. Alain PERROT, one of the Connected Selected Grantees, has abstained from approving the relevant board resolutions on (i) the award of the relevant Connected Award Shares to himself, and (ii) the proposed allotment and issue of the Connected Award Shares to him under the Scheme.

As the independent financial adviser, our role is to give an independent opinion to the Independent Shareholders.

As at the Latest Practicable Date, Lego Corporate Finance did not have any relationships or interests with the Company that could reasonably be regarded as relevant to the independence of Lego Corporate Finance. In the last two years, there was no engagement between the Group and Lego Corporate Finance. Apart from normal professional fees paid or payable to us in connection with this appointment as the Independent Financial Adviser, no arrangements exist whereby we have received or will receive any fees or benefits from the Company. Accordingly, we are qualified to give independent advice in respect of the terms of the grant of Connected Shares Award and the transactions contemplated thereunder.

BASIS OF OUR OPINION

In formulating our opinion and advice, we have relied on (i) the information and facts contained or referred to in the Circular; (ii) the information supplied by the Group and its advisers; (iii) the opinions expressed by and the representations of the Directors and the management of the Group; and (iv) our review of the relevant public information. We have assumed that all the information provided and representations and opinions expressed to us or contained or referred to in the Circular were true, accurate and complete in all respects as at the date thereof and may be relied upon. We have also assumed that all statements contained and representations made or referred to in the Circular are true at the time they were made and continue to be true as at the Latest Practicable Date and all such statements of belief, opinions and intentions of the Directors and the management of the Group and those as set out or referred to in the Circular were reasonably made after due and careful enquiry. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors, the management of the Group, and/or the advisers of the Company. We have also sought and received confirmation from the Directors that no material facts have been withheld or omitted from the information provided and referred to in the Circular and that all information or representations provided to us by the Directors and the management of the Group are true, accurate, complete and not misleading in all respects

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

at the time they were made and continued to be so until the Latest Practicable Date. In addition, the Company shall inform the Independent Shareholders of any material change of information in the Circular between the Latest Practicable Date and the date of the EGM.

We consider that we have reviewed the sufficient information currently available to reach an informed view and to justify our reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification of the information provided, representations made or opinion expressed by the Directors and the management of the Group, nor have we conducted any form of in-depth investigation into the business, affairs, operations, financial position or future prospects of the Company, its subsidiaries or associates.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our recommendation, we have considered the following principal factors and reasons:

1. Background of and reasons for the grant of Connected Award Shares

1.1 Information on the Group

The Group is principally engaged in the provision of home control solution in the global market, developing and offering high quality and bespoke remote controls for a vast array of pay TV operators and consumer electronics brands.

The Group generated revenue from four geographical locations, namely North America, Asia, Europe and Latin America. Approximately 40.3% and 31.1% of the revenue is generated from North America and Asia respectively for the year ended 31 December 2019.

The following table summarizes the financial information of the Group for the audited results for the two years ended 31 December 2018 and 2019 and the six months ended 30 June 2019 and 2020, extracted from the annual report of the Company for the year ended 31 December 2019 ("**2019 Annual Report**") and the interim report of the Company for the six months ended 30 June 2020 (the "**2020 Interim Report**"), respectively.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

	For the year ended		For six months ended	
	31 December		30 June	
	2019	2018	2020	2019
	<i>USD\$'000</i>	<i>USD\$'000</i>	<i>USD\$'000</i>	<i>USD\$'000</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Revenue from contracts with customers				
Sale of goods	179,238	173,373	69,658	81,177
Royalty income	515	479	141	199
Licensing income	220	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total	179,973	173,852	69,799	81,376
Profit/(loss) before tax	4,596	4,456	2,005	(792)
Profit/(loss) for the year/ period attributable to owners of the parent	2,742	3,649	1,503	(1,210)

For the six months ended 30 June 2019 and 2020

The revenue of the Group amounted to approximately USD69.7 million for the six months ended 30 June 2020, representing a decrease of approximately 14.2% as compared to that of approximately USD81.2 million for the six months ended 30 June 2019, mainly due to the impact of COVID-19 lock-down control orders on customers' rollout and installation, resulting in postponement of some shipments from the second quarter to the third quarter of 2020.

The profit for the six months ended 30 June 2020 increased by approximately USD2.7 million, increased from a loss of approximately USD1.2 million for the six months ended 30 June 2019 to a profit of approximately USD1.5 million for the six months ended 30 June 2020. Such increase was mainly due to the combination of product mix and overall cost control. Product mix had improved mainly due to the move to selling higher margin products.

For the year ended 31 December 2018 and 2019

The revenue of the Group amounted to approximately USD179.2 million for the year ended 31 December 2019, representing an increase of approximately 3.4% as compared to that of approximately USD173.4 million for the year ended 31 December 2018, mainly due to (i) strong demand in the Indian pay TV market during the year and (ii) initial deployment of high end Bluetooth voice product in Latin America, following a salesforce expansion in recent years.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The profit for the year ended 31 December 2019 decreased by approximately 24.9%, from approximately USD3.6 million for the year ended 31 December 2018 to approximately USD2.7 million for the year ended 31 December 2019. Such decrease was mainly due to higher chargeable income for year ended 31 December 2019 resulting in an increase in income tax expense by approximately USD1.1 million.

1.2 Reasons for the adoption of the Share Award Scheme

On 5 October 2020, the Board has resolved to award a total of not more than 5,016,337 Award Shares, representing approximately 1.00% of the total issued Shares as at the date of the Announcement, to ten Selected Grantees pursuant to the Scheme, in order to recognize the contributions of such Selected Grantees and in driving the continuous business operation and development of the Group.

According to the announcement dated 20 August 2020, the purposes of the Share Award Scheme are (i) to align the interests of Eligible Participants directly to those of the Shareholders through ownership of Shares; (ii) to recognize the contributions made by the Selected Grantees and to give incentives thereto in order to retain them for the continual operation and development of the Group; and (iii) to attract high-calibre employees for future development of the Group. Therefore, as set out in the Letter from the Board, the Scheme forms part of the incentive schemes of the Group. One of the four Connected Selected Grantees are a Director and the other three of them are directors of certain subsidiaries of the Company. The Board considers that the award of the Connected Award Shares to the Connected Selected Grantees recognizes the contributions made by the Connected Selected Grantees and incentivizes thereto in order to retain them for the continual operation and development of the Group.

In assessing the fairness and reasonableness of the granting of Award Shares to the Directors and directors of certain subsidiaries of the Company, we (i) have discussed with the management of the Company that, it is crucial to provide attractive equity compensation to attract high-caliber employees; (ii) have reviewed the background of four Connected Selected Grantees and noted that they have extensive experience in different fields, including operation management, accounting and finance, sales and marketing and research and development and have been served in the Group from five years to 25 years; (iii) their past and expected continual contribution to the development of the Group; and (iv) as disclosed in the section headed "Principal terms of the Award Shares" below, found that it is not an uncommon practice of the Company to issue award shares to employees, senior management and/or directors to link their interests in line with the Company. Based on the above, we are of the view that the granting of Connected Award Shares to the Directors and directors of certain subsidiaries of the Company is fair and reasonable.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As discussed with the management of the Company, there will not be any actual cash outflow by the Group under the grant of the Award Shares to provide incentives to the Selected Grantees. In this regard, the Directors consider that the terms and conditions of the Scheme are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

We have also discussed with the management of the Company regarding the benefits of the grant of Award Shares as an incentive scheme. They have considered several methods of providing incentives to the selected participants, including but not limited to various alternative types of awards such as cash bonus and share options. After careful consideration of the various alternatives in respect of the impact on the cashflow of the Group, the dilution effect on the existing issued shares and the remuneration package of the Connected Selected Grantees in the market, the Directors consider the Scheme to be the most appropriate given that, as opposed to the other alternatives, the Scheme will enable the Company to prevent cash outflow while incentivize and reward the Connected Selected Grantees in order to retain them for the continual operation and future development of the Group. In addition, the economic benefits of the Scheme are dependent on the improvement in the share price of the Group and hence the Connected Selected Grantees interest will be in line with all the Shareholders. The Directors are thus of the view that the Scheme will align the interests of the Connected Selected Grantees with the Company together with the Shareholders. In determining the number of Award Shares to be issued to each of the Connected Selected Grantees, we were given to understand from the management of the Company that they have considered, inter alia, (i) the historical contributions and job responsibilities of the Connected Selected Grantees; (ii) the continuing contribution to the Group's future development of the Connected Selected Grantees; (iii) whether the grant is a fair representation of the Connected Selected Grantees' respective historical contributions to the Group with reference to their respective job responsibilities; and (iv) whether the grant is a sufficient motivation for continuing contribution in the Group.

In view of the foregoing reasons for and possible benefits of the grant of Connected Share Award to the Connected Selected Grantees and that the number of Connected Award Shares only comprised approximately 0.475% of the existing issued shares, we are of the opinion that the grant of Share Award to the Connected Selected Grantees is in the interests of the Company and the Shareholders as a whole and that the number of Connected Award Shares is fair and reasonable.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

2. Principal terms of the Award Shares

As set out in the Letter from the Board, the proposed allotment and issue of the Connected Award Shares to the Connected Selected Grantees shall be subject to:

- (i) the Stock Exchange having granted the approval for the listing of, and permission to deal in the Connected Award Shares;
- (ii) the approval by the Independent Shareholders at the EGM in respect of the Specific Mandate for the proposed allotment and issue of the Connected Award Shares and the transactions contemplated thereunder; and
- (iii) fulfilment of the conditions as set out in the Scheme Rules and such conditions as specified by the Board.

Vesting period of the Award Shares under the Scheme

The Award Shares shall be vested in two tranches of which: (a) 50% of the Award Shares under the Award shall be vested in the second anniversary of the Granting Date; and (b) 50% of the Award Shares under the Award shall be vested in the third anniversary of the Granting Date.

The vesting of the Award Shares is subject to that the Selected Grantees remain his/her employment or service relationship with any Group Member after the Granting Date and before the relevant vesting date and fulfilment of other conditions as set out in the Scheme Rules and as specified by the Board.

According to our discussion with the management of the Company, we understand that the Board adopts the Scheme to motivate employees' continuing contribution to the Group's future development after considering (i) the market practice of listed companies and other comparable peer companies' practices listed on the Stock Exchange; and (ii) the multiple tranches structure of the Scheme.

To assess the fairness and reasonableness on the adoption of the Scheme and the vesting period of the Award Shares, we have, to our best effort and knowledge, identified nine comparable companies listed on the Stock Exchange which had announced the grant of awarded shares to connected persons, including their respective employees, senior management and/or directors in an approximate six months period (i.e. the period from 5 April 2020 to 5 October 2020) (the "**Comparable Grants**") prior to the date of the Announcement. Shareholders should note that the business, operations and financial performance of the companies offering the Comparable Grants are not the same as the Company and we have not conducted any in-depth investigation into the businesses and operations of the companies offering the Comparable Grants. However, we consider that the Comparable Grants could provide the Independent Shareholders with a general reference of companies listed on the Stock Exchange granting awarded shares and the length of the vesting period. The list of comparable is an exhaustive list and we

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

are of the opinion that the list with nine comparable covering six months is fair, sufficient and representative to illustrate the recent trend and terms under common market practice. Set out below is a comparison of the Comparable Grants:

Company name	Stock code	Date of announcement	Number of award shares	Percentage of then existing issued shares	Consideration	Vesting period	Subject to their performance review or similar condition
Powerlong Commercial Management Holdings Limited	9909	10 September 2020	11,250,000	1.8%	nil	50% on the third calendar year 50% on the fifth calendar year	No
3SBio Inc.	1530	8 September 2020	10,000,000	0.4%	nil	Immediate after the fulfilment of conditions precedent	Yes
WuXi AppTec Co., Ltd.	2359	21 July 2020	6,297,229	2.6% (% of issued H shares)	nil	25% within the first calendar year 25% within the second calendar year 25% within the third calendar year 25% within the fourth calendar year	Yes
Hao Tian International Construction Investment Group Limited	1341	29 June 2020	65,475,610	1.3%	nil	1/3 of the shares on the first calendar year 1/3 of the shares on the second calendar year 1/3 of the shares on the third calendar year	No
Altus Holdings Limited	8149	26 June 2020	3,830,000	0.5%	nil	50% on the first calendar year 50% on the second calendar year	No
China Kepei Education Group Limited	1890	22 June 2020	14,450,000	0.7%	nil	Not disclosed	No

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Company name	Stock code	Date of announcement	Number of award shares	Percentage of then existing issued shares	Consideration	Vesting period	Subject to their performance review or similar condition
China ZhengTong Auto Services Holdings Limited	1728	12 June 2020	47,100,000	2.0%	nil	Immediate after the fulfilment of conditions precedent	Yes
KWG Group Holdings Limited	1813	14 April 2020	1,938,000	0.1%	nil	1/3 of the shares on the first calendar year 1/3 of the shares on the second calendar year 1/3 of the shares on the third calendar year	No
Fosun International Limited	656	1 April 2020	8,501,000	0.1%	nil	33% on the first calendar year 33% on the second calendar year 34% on the third calendar year	No

As shown from the above table, the vesting period of the Comparable Grants ranged from approximately immediate to five years, and all Comparable Grants were granted at nil consideration. The vesting period of Award Shares is three years at nil consideration which falls within the range of the Comparable Grants and is in line with the market. Thus, we concur with the Directors that the terms of the grant of Award Shares are fair and reasonable.

Market price of the Award Shares under the Scheme

Based on the closing price of HK\$0.71 per Share as quoted on the Stock Exchange as at 5 October 2020, being the date of the Announcement, and the closing price of HK\$0.8 per Share as quoted on the Stock Exchange as at the Latest Practicable Date, the aggregate market value of the 5,016,337 Award Shares under the Scheme was HK\$3,561,599.27 and HK\$4,013,069.60, respectively. No fund will be raised by the Company as a result of the issue and allotment of the Award Shares.

3. Financial effects of the grant of Connected Award Shares

After granting of the Connected Award Shares under the Scheme to the Connected Selected Grantees, the value of such Award would be allocated and charged as expenses of the Group for the relevant financial year during the vesting period, ending on the date which the relevant grantees become fully entitled to the Award Shares. No fund will be raised as a result of the issue and allotment of the Award Shares.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

RECOMMENDATION

Having considered the Award Shares (i) will allow the Group to recognize the contributions made by the Connected Selected Grantees and to give incentives thereto in order to retain them for the continual operation and development of the Group; (ii) will align the interests of the Connected Selected Grantees directly to those of the Shareholders through ownership of Connected Award Shares; (iii) will attract high-calibre employees for further development of the Group; and (iv) is in line with the market practice, we are of the opinion that although the allotment and issue of Connected Award Shares is not in the ordinary and usual course of business of the Group, the terms of the issue and allotment of the Connected Award Shares are on normal commercial terms, fair and reasonable so far as the Shareholders are concerned and the issue and allotment of the Connected Award Shares is in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Shareholders to vote in favor of the ordinary resolutions to be proposed at the EGM to approve the issue and allotment of Connected Award Shares to the Connected Selected Grantees.

Yours faithfully,
For and on behalf of
Lego Corporate Finance Limited
Stanley Ng
Managing Director

Mr. Stanley Ng is a licensed person registered with the Securities and Futures Commission and a responsible officer of Lego Corporate Finance Limited to carry out Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong). He has over 15 years of experience in the accounting and investment banking industries.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS OF DIRECTORS AND CHIEF EXECUTIVES IN EQUITY OR DEBT SECURITIES

As of the Latest Practicable Date, the interests and short positions of the Directors and chief executives of the Company in the Shares, underlying Shares and debentures of the Company and any associated corporations (within the meaning of Part XV of the SFO) which were required to be (a) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executives of the Company were taken or deemed to have pursuant to Divisions 7 and 8 of Part XV of the SFO); or (b) entered in the register required to be kept under Section 352 of the SFO; or (c) required to be notified to the Company and the Stock Exchange pursuant to the Model Code as set out in Appendix 10 to the Listing Rules to were as follows:

(a) Long positions in the Shares

Name of Director	Capacity of interests held	Interests in underlying Shares	Approximate percentage of interest in the Company (Note 1)
Alain PERROT	Beneficial owner	6,971,906	1.39%

Note:

- The percentage was calculated based on 501,633,663 Shares in issue as of the Latest Practicable Date.

(b) Long positions in the underlying shares of associated corporations

Name of associated corporation	Name of Director	Capacity of interests held	Number of Shares interested (Note 1)	Approximate percentage of interest in the associated corporation
Omni Remotes do Brasil Ltda	Alain PERROT	Beneficial owner	100	1.00%
NHPEA IV Home Control Netherlands B.V. ("NHPEA")	Alain PERROT	N/A (Note 2)	N/A	1.45%

Notes:

- All interests stated are long positions.
- Mr. Alain PERROT's interest in NHPEA is a cash-settled derivative interest in NHPEA by way of an agreement between him and Morgan Stanley Private Equity Asia IV, L.L.C..

Save as disclosed above, none of the Directors and chief executives of the Company had, as of the Latest Practicable Date, any interests or short positions in any Shares and underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executives of the Company were taken or deemed to have pursuant to Divisions 7 and 8 of Part XV of the SFO), or (b) which were entered in the register required to be kept by the Company under Section 352 of the SFO, or (c) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code as set out in Appendix 10 to the Listing Rules.

Save as disclosed above, as of the Latest Practicable Date, none of the Directors nor any of their spouse or minor children was granted or held options to subscribe for shares in the Company or any of its associated corporations (within the meaning of Part XV of the SFO), or had exercised such rights.

3. SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As of the Latest Practicable Date, so far as is known to any Director or chief executive of the Company, the interests and short positions of the Shareholders (other than Directors or chief executives of the Company) who had interests or short positions in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the

register required to be kept by the Company under section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange were as follows:

Name of Substantial Shareholder	Capacity of interests held	Number of Shares held	Approximate percentage of interest in the Company (%) (Note 1)
Morgan Stanley (Note 2)	Interest of controlled corporation	375,000,000	74.76%
MS Holdings Incorporated (Note 2)	Interest of controlled corporation	375,000,000	74.76%
Morgan Stanley Private Equity Asia IV, Inc (Note 2)	Interest of controlled corporation	375,000,000	74.76%
Morgan Stanley Private Equity Asia IV, L.L.C. (Note 2)	Interest of controlled corporation	375,000,000	74.76%
North Haven Private Equity Asia IV, L.P. (Note 2)	Interest of controlled corporation	375,000,000	74.76%
North Haven Private Equity Asia IV Holdings Limited (Note 2)	Interest of controlled corporation	375,000,000	74.76%
NHPEA IV Holding Cooperatief U.A. (Note 2)	Interest of controlled corporation	375,000,000	74.76%
NHPEA (Note 2)	Beneficial owner	375,000,000	74.76%

Notes:

- The percentage was calculated based on 501,633,663 Shares in issue as of the Latest Practicable Date.
- NHPEA is a company incorporated in the Netherlands, and is wholly owned by NHPEA IV Holdings Cooperatief U.A. NHPEA IV Holdings Cooperatief U.A. is a cooperative with exclusion of liability, incorporated under the laws of the Netherlands, and is wholly owned by North Haven Private Equity Asia IV Holdings Limited. North Haven Private Equity Asia IV Holdings Limited is an exempted company with limited liability incorporated in the Cayman Islands, whose sole shareholder is North Haven Private Equity Asia IV, L.P., a fund managed by the private equity arm of Morgan Stanley. The general partner of North Haven Private Equity Asia IV, L.P. is Morgan Stanley Private Equity Asia IV, L.L.C., the managing member of which is Morgan Stanley Private Equity Asia IV, Inc., an investment adviser registered with the U.S. Securities and Exchange Commission and which is wholly-owned by MS Holdings Incorporated which in turn is a wholly owned subsidiary of Morgan Stanley. Each of NHPEA IV Holdings Cooperatief U.A., North Haven Private Equity Asia IV Holdings Limited, North Haven Private Equity Asia IV, L.P., Morgan Stanley Private Equity Asia IV, L.L.C., Morgan Stanley Private Equity Asia IV, Inc., MS Holdings Incorporated and Morgan Stanley is deemed to be interested in the shares held by NHPEA.

Saved as disclosed above, as of the Latest Practicable Date, the Company had not been notified by any person (other than Directors and chief executives of the Company) who had interests or short positions in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange.

4. DIRECTORS' SERVICE CONTRACT

As of the Latest Practicable Date, none of the Directors had entered, or proposed to enter, into a service contract with any member of the Group which is not determinable by the Group within one (1) year without payment of compensation (other than statutory compensation).

5. DIRECTORS' COMPETING INTERESTS

As of the Latest Practicable Date, so far as the Directors were aware, none of the Directors, proposed Directors or their respective close associates (as defined in the Listing Rules) was considered to have an interest in a business which competes or was likely to compete, either directly or indirectly, with the business of the Group other than those business to which the Directors or his or her close associates were appointed to represent the interests of the Company and/or the Group.

6. DIRECTORS' INTEREST IN CONTRACTS AND ASSETS OF THE GROUP

As of the Latest Practicable Date,

- (a) none of the Directors was materially interested in any contract or arrangement subsisting at the Latest Practicable Date and which was significant in relation to the business of the Group; and
- (b) none of the Directors had any interest, direct or indirect, in any assets which had been acquired or disposed of by or leased to any member of the Group or were proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2019, being the date to which the latest published audited consolidated financial statements of the Group were made up.

7. MATERIAL ADVERSE CHANGE

As of the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2019, being the date to which the latest published audited consolidated financial statements of the Group were made up.

8. LITIGATION

As of the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

9. EXPERT AND CONSENT

The following is the qualifications of the expert which has given its opinion or advice which is contained in this circular:

Name	Qualification
Lego Corporate Finance Limited	a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activities under the SFO

As of the Latest Practicable Date, Lego did not have any shareholding, direct or indirect, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As of the Latest Practicable Date, Lego did not have any direct or indirect interest in any assets which had been, since 31 December 2019, being the date to which the latest published audited consolidated financial statements of the Group were made up, acquired or disposed of by or leased to, or are proposed to be acquired or disposed of by or leased to any member of the Group.

Lego has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter and reference to its name in the form and context in which they appear.

The letter is given by Lego as of the date of this circular for incorporation herein.

10. MATERIAL CONTRACTS

No members of the Group within the two years immediately preceding the Latest Practicable Date (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Group) entered into any material contracts.

11. GENERAL

- (a) The registered office of the Company is at Sertus Chambers, Governors Square, Suite #5-204, 23 Lime Tree Bay Avenue, P.O. Box 2547, Grand Cayman, KY1-1104, Cayman Islands.
- (b) The Hong Kong share registrar of the Company is Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (c) The authorized share capital of the Company is US\$50,000,000.
- (d) The company secretary of the Company is Ms. Sum Yi TSUI, who is an associate member of The Hong Kong Institute of Chartered Secretaries and The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators) in United Kingdom.

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents (or copies thereof) will be available for inspection during normal business hours from 9:00 a.m. to 6:00 p.m. (except Saturdays, Sundays and public holidays) at Room 1901, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong within 14 days from the date of this circular:

- (a) the Scheme Rules;
- (b) the letter from the Independent Board Committee, the text of which is set out in this circular;
- (c) the letter from Lego, the text of which is set out in this circular;
- (d) the consent letter from the expert referred to in the paragraph headed "*Expert and Consent*" in this appendix;
- (e) the Memorandum and Articles of Association of the Company;
- (f) the annual report of the Company for the financial year ended 31 December 2019;
- (g) the Announcement; and
- (h) this circular.

13. MISCELLANEOUS

In the event of any inconsistency, the English language text of this circular shall prevail over the Chinese language text.



HOME CONTROL INTERNATIONAL LIMITED

(Incorporated in Cayman Islands with limited liability)

(Stock Code: 1747)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the extraordinary general meeting (the "EGM") of Home Control International Limited (the "Company") will be held at 3:00 p.m. on Thursday, 12 November 2020 with a combination of an in-room meeting at 20/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong and a virtual meeting online for the following purposes:

ORDINARY RESOLUTIONS

1. To consider as special business and, if thought fit, pass with or without amendments the following resolutions as ordinary resolutions:

"THAT:

- (a) the grant of Specific Mandate (as defined in the circular of the Company dated 27 October 2020, the "Circular") to the Directors (as defined in the Circular) regarding the allotment and issue of an aggregate of up to 2,382,760 Connected Award Shares (as defined in the Circular) to the Connected Selected Grantees (as defined in the Circular) pursuant to the Scheme (as defined in the Circular) (a copy of which has been produced to the EGM marked "A" and signed by the chairman of the EGM for the purpose of identification) and the transactions contemplated thereunder, be and are hereby approved, confirmed and ratified;
- (b) the grant, allotment and issue of 1,254,084 Connected Award Shares pursuant to the Scheme to Alain PERROT be and is hereby approved and confirmed;
- (c) the grant, allotment and issue of 250,817 Connected Award Shares pursuant to the Scheme to Jean Paul ABRAMS be and is hereby approved and confirmed;
- (d) the grant, allotment and issue of 376,225 Connected Award Shares pursuant to the Scheme to Guat Beng NG be and is hereby approved and confirmed;
- (e) the grant, allotment and issue of 501,634 Connected Award Shares pursuant to the Scheme to Yue Chun ZHU be and is hereby approved and confirmed;

APPENDIX II NOTICE OF EXTRAORDINARY GENERAL MEETING

- (f) any one Director be and is hereby authorized to do all such acts and things and execute all documents which he/she considers necessary, desirable or expedient for the purpose of, or in connection with, the implementation of and giving effect to the Award and the transactions contemplated thereunder, including but not limited to the allotment and issue of the Connected Award Shares pursuant to the Scheme”

By order of the Board
Home Control International Limited
Yu GAO
Chairman and Non-executive Director

Hong Kong, 27 October 2020

Registered Office:

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

Principal Place of Business in Hong Kong:

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

Head Office in Singapore:

151 Lorong Chuan
#04-03A
New Tech Park
Singapore 556741

Notes:

- (i) The Company will conduct the EGM with the combination of an in-room meeting and a virtual meeting online. Shareholders will have the option of joining the EGM either (a) through the in-room meeting at 20/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong; or (b) online through internet by using their smartphones, tablets or computer devices. Registered Shareholders will be able to attend the EGM, vote and submit questions online. CCASS non-registered Shareholders whose Shares are held in the Central Clearing and Settlement System through banks, brokers, custodians or Hong Kong Securities Clearing Company Limited may also be able to attend the EGM, vote and submit questions online. In this regard, they should consult directly with their banks, brokers or custodians (as the case may be) for the necessary arrangements.
- (ii) All resolutions at the meeting will be taken by poll (except where the chairman of the meeting decides to allow a resolution relating to a procedural or administrative matter to be voted on by a show of hands) pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Articles of Association. The results of the poll will be published on the websites of Hong Kong Exchanges and Clearing Limited and the Company in accordance with the Listing Rules.

APPENDIX II NOTICE OF EXTRAORDINARY GENERAL MEETING

- (iii) Any shareholder of the Company entitled to attend and vote at the EGM is entitled to appoint more than one proxy to attend, and on a poll, vote instead of him. A proxy need not be a shareholder of the Company. If more than one proxy is appointed, the number of shares in respect of which each such proxy so appointed must be specified in the relevant form of proxy.
 - (iv) In the case of joint holders of any Share, any one of such persons may vote at the EGM, either personally or by proxy, in respect of such Share as if he/she were solely entitled thereto. However, if more than one of such joint holders be present at the EGM personally or by proxy, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the vote(s) of the other joint holder(s) and for this purpose seniority shall be determined as that one of the said persons so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.
 - (v) In order to be valid, a form of proxy must be completed, signed and returned to the Hong Kong share registrar of the Company, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong together with the power of attorney or other authority (if any) under which it is signed (or a notarially certified copy thereof) not less than 48 hours before the time appointed for the holding of the EGM (i.e. at or before 3:00 p.m. on Tuesday, 10 November 2020) or any adjournment thereof. The completion and delivery of the form of proxy shall not preclude the shareholders from attending and voting in person at the EGM (or any adjourned meeting thereof) if they so wish.
 - (vi) The transfer books and register of members of the Company will be closed from Monday, 9 November 2020 to Thursday, 12 November 2020, both days inclusive, to determine the entitlement of shareholders to attend and vote at the EGM, during which period no share transfers can be registered. All transfers accompanied by the relevant share certificates must be lodged with the Hong Kong share registrar of the Company, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Friday, 6 November 2020.
 - (vii) Due to the constantly evolving coronavirus disease 2019 (COVID-19) pandemic situation in Hong Kong, the Company may be required to change the EGM arrangements at short notice. Shareholders should check the Company's website or the website of the Stock Exchange for future announcements and updates on the EGM arrangements.
 - (viii) Taking into account of COVID-19, the Company will implement the following precautionary measures at the EGM venue to protect attending shareholders, proxy and other attendees from the risk of infection:
 - (1) compulsory body temperature checks;
 - (2) compulsory wearing of surgical face masks; and
 - (3) no refreshments and corporate gifts will be provided.
- Any attendee who does not comply with the precautionary measures referred to in (1) to (2) above or is subject to any Hong Kong Government prescribed quarantine may be denied entry to the EGM venue, at the absolute discretion of the Company as permitted by law. For the health and safety of the shareholders, the Company would like to encourage shareholders to consider attending the EGM through the internet and voting online, or to exercise their right to vote at the EGM by appointing the Chairman of the EGM as their proxy.
- (ix) References to time and dates in this notice are to Hong Kong time and dates.
 - (x) The Chinese translation of this notice is for reference only and in case of any inconsistency, the English version shall prevail.