



HOME CONTROL INTERNATIONAL LIMITED

(incorporated in the Cayman Islands with limited liability)

Stock Code: 1747

GLOBAL OFFERING



Sole Sponsor



Sole Global Coordinator



Joint Bookrunners & Joint Lead Managers



IMPORTANT

IMPORTANT: If you are in any doubt about any of the contents of this document, you should obtain independent professional advice.



HOME CONTROL INTERNATIONAL LIMITED

(incorporated in the Cayman Islands with limited liability)

GLOBAL OFFERING

Number of Offer Shares	:	125,000,000 Shares (comprising 87,500,000 new Shares and 37,500,000 Sale Shares, subject to the Over-allotment Option)
Number of Hong Kong Offer Shares	:	12,500,000 Shares (subject to reallocation)
Number of International Offer Shares	:	112,500,000 Shares (comprising 75,000,000 new Shares and 37,500,000 Sale Shares, subject to reallocation and the Over-allotment Option)
Maximum Offer Price	:	HK\$1.49 per Offer Share, plus brokerage fee of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% (payable in full on application in Hong Kong dollars and subject to refund)
Nominal Value	:	US\$0.01 per Share
Stock Code	:	1747

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Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, 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 prospectus.

A copy of this prospectus, having attached thereto the documents specified "Documents Delivered to the Registrar of Companies and Available for Public Inspection in Hong Kong" in Appendix V to this prospectus, has been registered by the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission and the Registrar of Companies in Hong Kong take no responsibility for the contents of this prospectus or any other document referred to above.

The Offer Price is expected to be fixed by agreement between the Sole Global Coordinator (for itself and on behalf of the Underwriters) and us (on behalf of ourselves and the Selling Shareholder) on the Price Determination Date. The Price Determination Date is expected to be on or about Wednesday, 6 November 2019 and, in any event, unless otherwise announced, not later than Tuesday, 12 November 2019. The Offer Price will be no more than HK\$1.49 and is currently expected to be no less than HK\$1.02 unless otherwise announced. Investors applying for the Hong Kong Offer Shares must pay, on application, the maximum Offer Price of HK\$1.49 for each Offer Share together with a brokerage fee of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%, subject to refund if the Offer Price as finally determined is lower than HK\$1.49. If, for any reason, the Offer Price is not agreed between the Sole Global Coordinator (for itself and on behalf of the Underwriters) and us on or before Tuesday, 12 November 2019, unless otherwise announced, the Global Offering will not proceed and will lapse.

The Sole Global Coordinator (for itself and on behalf of the Underwriters) may, where considered appropriate, reduce the indicative offer price range below that which is stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, an announcement will be published on the websites of the Stock Exchange at www.hkexnews.hk and of our Company at www.omniremotest.com not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering. For further information, see the "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares" in this prospectus.

Prior to making an investment decision, prospective investors should consider carefully all of the information set out in this prospectus and the related Application Forms, including the risk factors set out in "Risk Factors" in this prospectus.

The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement to subscribe for, and to procure applicants for the subscription for, the Hong Kong Offer Shares are subject to termination by the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters) if certain grounds arise prior to 8:00 a.m. on the day that trading in the Shares commences on the Stock Exchange. Such grounds are set out "Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offering — Grounds for termination". It is important that you refer to that section for further details.

The Offer Shares have not been, and will not be, registered under the US Securities Act or with any securities regulatory authority of any state of the United States, and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act. The Offer Shares will be offered and sold only outside the United States in reliance on Regulation S.

31 October 2019

EXPECTED TIMETABLE⁽¹⁾

Latest time to complete **electronic applications** under **HK eIPO White Form** service through one of the below ways^{(2), (3)}:

(1) the designated website at **www.hkeipo.hk**

(2) the IPO App, which can be downloaded by searching “**Tricor IPO App**” in App Store or Google Play or downloaded at **www.hkeipo.hk/IPOApp** or **www.tricorglobal.com/IPOApp**

11:30 a.m. on
Tuesday, 5 November 2019

Application lists open⁽³⁾ 11:45 a.m. on
Tuesday, 5 November 2019

Latest time to lodge **WHITE** and **YELLOW** Application Forms and **electronic application instructions** to HKSCC^{(3), (4)}

12:00 noon on
Tuesday, 5 November 2019

Latest time to complete payment of **HK eIPO White Form** applications by effecting internet banking transfer(s) or PPS payment transfer(s)^{(2), (3)}

12:00 noon on
Tuesday, 5 November 2019

Application lists close⁽³⁾ 12:00 noon on
Tuesday, 5 November 2019

Expected Price Determination Date⁽⁵⁾ Wednesday, 6 November 2019

Announcement of

- the Offer Price;
- the level of applications in the Hong Kong Public Offering;
- the level of indications of interest in the International Offering; and
- the basis of allotment of the Hong Kong Offer Shares,

to be published on the websites of the Stock Exchange at **www.hkexnews.hk** and of our Company at **www.omniremotest.com** on or before Wednesday, 13 November 2019

Results of allocations of the Hong Kong Public Offering (including successful applicants’ identification document numbers, where appropriate) to be available through a variety of channels (see “How to Apply for Hong Kong Offer Shares — 11. Publication of Results”) Wednesday, 13 November 2019

Results of allocations in the Hong Kong Public Offering to be available at **www.tricor.com.hk/ipo/result** and **www.hkeipo.hk/IPOResult** or the “Allotment Result” in the IPO App with a “search by ID” function Wednesday, 13 November 2019

EXPECTED TIMETABLE⁽¹⁾

Despatch/collection of refund cheques or **HK eIPO White Form** e-Auto Refund payment instructions in respect of wholly or partially unsuccessful applications and wholly or partially successful applications if the final Offer Price is less than the price payable on application (if applicable) on or before^{(6), (7), (8)} Wednesday, 13 November 2019

Despatch/collection of Share certificates or deposit of Share certificates into CCASS in respect of wholly or partially successful applications on or before⁽⁶⁾ Wednesday, 13 November 2019

Dealings in Shares on the Stock Exchange expected to commence at 9:00 a.m. on Thursday, 14 November 2019

Notes:

- (1) All times refer to Hong Kong local time, except as otherwise stated. Details of the structure of the Global Offering, including its conditions, are set out in “Structure of the Global Offering” in this prospectus.
- (2) You will not be permitted to submit your application to the **HK eIPO White Form** Service Provider through the designated website at www.hkeipo.hk or the IPO App after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained a payment reference number from the designated website or the IPO App prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.
- (3) If a “black” rainstorm warning or a tropical cyclone warning signal number 8 or above or Extreme Conditions is/are in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Tuesday, 5 November 2019, the application lists will not open on that day. Further information is set out in “How to Apply for Hong Kong Offer Shares — 10. Effect of Bad Weather on the Opening of the Application Lists” in this prospectus.
- (4) If you apply by giving **electronic application instructions** to HKSCC, you should refer to “How to Apply for Hong Kong Offer Shares — 6. Applying by Giving Electronic Application Instructions to HKSCC via CCASS”.
- (5) We expect to determine the Offer Price by agreement with the Sole Global Coordinator (for itself and on behalf of the Underwriters) on the Price Determination Date. The Price Determination Date is expected to be on or about Wednesday, 6 November 2019 and, in any event, unless otherwise announced, not later than Tuesday, 12 November 2019. If, for any reason, the Offer Price is not agreed between the Sole Global Coordinator (for itself and on behalf of the Underwriters) and us (on behalf of ourselves and the Selling Shareholder) by Tuesday, 12 November 2019, unless otherwise announced, the Global Offering will not proceed and will lapse.
- (6) We will issue refund cheque or e-Auto Refund payment instructions to you if your application is wholly or partially unsuccessful or if the final Offer Price is less than the price per Offer Share payable on application. We will despatch Share certificates and refund cheque(s) by ordinary post to you at your own risk to the address you specified in your Application Form. If you have applied for 1,000,000 Hong Kong Offer Shares or more and have provided all information required in your Application Form, you may collect refund cheque(s) (where applicable) and/or Share certificates from our Hong Kong Share Registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong from 9:00 a.m. to 1:00 p.m. on Wednesday, 13 November 2019 or any other place and date we announce on the websites of the Stock Exchange and of our Company as the place and date of despatch of Share certificates/e-Auto Refund payment instructions/refund cheque(s). If you are an individual applicant, you may not authorise any other person to collect on your behalf. If you are a corporate applicant, you must attend by your authorised representative with your letter of authorisation stamped with your corporate chop. Both individuals and authorised representatives must produce, at the time of collection, evidence of identity acceptable to Hong Kong Share Registrar. If you fail to collect within the time specified for collection, we will despatch uncollected Share certificates and refund cheque(s) by ordinary post at your own risk to the address specified in the relevant Application Forms. Further information is set out in “How to Apply for Hong Kong Offer Shares”.

If you have applied for 1,000,000 Hong Kong Offer Shares or more and have provided all information required by the YELLOW Application Forms may collect refund cheque(s) (if any) from our Hong Kong Share Registrar but may not elect to collect Share certificates, which will be deposited into CCASS for credit to their designated CCASS Participants’ stock accounts or CCASS Investor Participant stock accounts, as appropriate. The procedures for collection of refund cheque(s) for applicants who apply on YELLOW Application Forms for Shares is the same as that for applicants who apply on Application Forms.

EXPECTED TIMETABLE⁽¹⁾

- (7) e-Auto Refund payment instruction or refund cheque will be made/issued in respect of wholly or partially unsuccessful applications and in respect of successful applications if the final Offer Price as finally determined is less than the Offer Price per Offer Share payable on application. Part of your Hong Kong identity card number/passport number, or, if you are joint applicants, part of the Hong Kong identity card number/passport number of the first-named applicant provided by you may be printed on your refund cheque, if any. Such data may also be transferred to a third party for refund purposes. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque, if any. Inaccurate completion of your Hong Kong identity card number/passport number may lead to a delay in encashment of, or may invalidate, your refund cheque, if any.
- (8) Applicants who have applied through the **HK eIPO White Form** service and paid their applications monies through single bank account may have refund monies (if any) despatched to their application payment bank account in the form of e-Auto Refund payment instruction. Applicants who have applied through the **HK eIPO White Form** service and paid their application monies through multiple bank accounts may have refund monies (if any) despatched to the address as specified in their application instructions in the form of refund cheque by ordinary post at their own risk.

Share certificates are expected to be issued on Wednesday, 13 November 2019 but will only become valid certificates of title if the Global Offering has become unconditional in all respects and neither of the Underwriting Agreements are terminated in accordance with their respective terms before 8:00 a.m. on the Listing Date, which is expected to be on Thursday, 14 November 2019.

For details of the structure of the Global Offering, including its conditions, you should refer to “Structure of the Global Offering”.

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IMPORTANT NOTICE TO INVESTORS

This prospectus is issued by our Company solely in connection with the Hong Kong Public Offering and the Hong Kong Offer Shares and does not constitute an offer to sell or a solicitation of an offer to buy any securities other than the Hong Kong Offer Shares offered by this prospectus pursuant to the Hong Kong Public Offering. This prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any other jurisdiction or in any other circumstances. No action has been taken to permit a public offering of the Offer Shares or the distribution of this prospectus in any jurisdiction other than Hong Kong, and no action has been taken to permit the distribution of this prospectus in any jurisdiction other than Hong Kong.

You should rely only on the information contained in this prospectus and the Application Forms to make your investment decision. We have not authorised anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not made in this prospectus and the Application Forms must not be relied on by you as having been authorised by us, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of our or their respective directors, officers, employees, agents or representatives or any other parties involved in the Global Offering.

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SUMMARY

This summary aims to give you an overview of the information contained in this prospectus. As this is a summary, it does not contain all the information that may be important to you. You should read this prospectus in its entirety before you decide to invest in the Hong Kong Offer Shares. There are risks associated with any investment. Some of the particular risks in investing in the Hong Kong Offer Shares are set out in "Risk Factors". You should read that section carefully before you decide to invest in the Hong Kong Offer Shares. Various expressions used in this section are defined or explained in "Definitions".

OVERVIEW

We are a globally leading home control solution provider headquartered in Singapore, with worldwide presence in North America, Europe, Asia and Latin America. We are a key player in the global market. In 2018, we were the second largest home control solution provider in the world, with a market share of 9.6%, according to Frost & Sullivan. Including the period during which we operated as the home control division of Philips before the MS Acquisition, we have been operating in the home control solution industry for over 25 years.

Capitalising on the accumulated reputation and reliable corporate image associated with our business over the years, we have developed global partnership with internationally renowned MSOs as well as TV and OTT device brands in the design and development of remote controls. Our customers include reputable TV and OTT device brands such as Airtel in India, SkyUK, British Telecom and Vodafone in the U.K., Orange in Poland, Foxtel in Australia, AT&T and Frontier in the U.S., Liberty Global in the Netherlands, and consumer electronic brands such as Xiaomi and Hisense in the PRC. Depending on the procurement practice of our customers or brand owners, we generally supply solutions and products to the MSOs, TV and OTT device brands and/or their respective supplier. Including the period during which we operated as the home control division of Philips before the MS Acquisition, we have developed business relationship with most of our major customers for one year to over 13 years. Our strong and stable customer portfolio is a testament to our overall strength and capability in the industry.

Our business is to provide customised home control solutions to customers. "Home control" is generally accepted as synonymous with remote controls for various home applications; and home control for TV sets, OTT devices and STBs, in aggregate, accounted for more than 98% of the entire home control solution market, in which our Group ranked second in 2018, according to Frost & Sullivan. We offer complete and seamless home control solutions under an asset-light business model. Our solutions encompass all key stages for developing and manufacturing remote controls. We design, develop, arrange for the assembling and sell remote controls mainly for MSOs, TV and OTT device brands and/or their respective suppliers. We are also actively involved in the early stage of product development of our customers and jointly develop products with them to the extent feasible to gain insight into our customers' technology roadmaps and consolidate our business relationship with them. We maintain a strict control over the supply chain, from the sourcing of components to the assembly process by our selected manufacturing partners situated in different countries, for ensuring that products sold by us are of consistently high quality. We adopt an asset-light model in our supply chain management by outsourcing the labour-intensive product assembly process to our manufacturing partners in order to minimise our capital investment, increase our flexibility in outsourcing and to concentrate our resources on R&D, sourcing, quality control and sales management for our customers. Our complete and seamless solutions enable us to develop our corporate image as a trusted and reliable partner and nurture a long-term collaborative relationship with our major customers.

We take pride in our R&D capability. We possess and maintain one of the two most comprehensive IR and code databases in the world covering both IR and RF technologies and with the ability to combine IR and code with automatic setup algorithm, allowing users to have access to the control functions for a vast number of TV and IR controlled STB models. We have seasoned innovation and R&D teams, which made up of around 45% of our total number of staff

SUMMARY

as at 30 April 2019, and comprised over 80 engineers stationed in Singapore and Suzhou, the PRC. Our engineers possess seven to over 20 years related experience. The design, ease of use and efficiency of the remote control is fundamental to the user overall experience. Thus, our innovation and R&D teams relentlessly research into and improve our product design, ergonomics, connectivity, user engagement and intuitive control, such as the development of “3R Text Entry”, intuitive touch and voice control, simple set-up interface, and other innovative features that allow users to interact with audio or visual devices and entertainment content quickly and easily.

We deliver remote control of superb quality. We set stringent production and quality control procedures designed to ensure that our products meet relevant industry standards and our customer’s quality requirements. We have received various accreditations in relation to our production management system such as ISO 9001:2015 and ISO 14001:2015 certifications and TL 9000 certification. We impose stringent standards on the selection of our suppliers and manufacturing partners as part of our supply chain management. With our well-established quality control measures, we achieved low product failure rate and did not experience any material product recall incident or material product return during the Track Record Period.

OUR MAJOR CUSTOMERS

Our revenue is substantially derived from the provision of customised home control solutions to our customers. Our major customers include the world famous or leading MSOs as well as TV and OTT device brands, providing subscription broadcasting and TV streaming services to the end-users in their respective geographical region(s). See “Our Customers” in this prospectus for further details of our major customers during the Track Record Period.

For FY2016, FY2017, FY2018 and 4M2019, sales to our five largest customers in aggregate accounted for 52.2%, 55.8%, 54.3% and 58.4%, respectively, of our total revenue for the same periods. For FY2016, FY2017, FY2018 and 4M2019, sales to our largest customer accounted for 22.9%, 16.9%, 20.5% and 22.1%, respectively, of our total revenue for the same periods. All of our five largest customers during the Track Record Period were and are Independent Third Parties.

In terms of the geographical location of our customers, North America and Europe, the major subscription broadcasting markets in the world, were our largest geographical segment, which in aggregate accounted for 71.2%, 75.0%, 73.9% and 68.5% of our total revenue for FY2016, FY2017, FY2018 and 4M2019, respectively.

For 4M2019, we recorded a decrease in our revenue, gross profit and gross profit margin in North America in the amount of US\$1.6 million, US\$0.7 million and 1.6%, representing a decrease of 5.9%, 15.1% and 9.6%, respectively, compared to 4M2018. Such decrease was primarily due to the decrease in sales from two high profit margin customers which was attributed to the end of life cycle of the relevant products sold to them and was not the direct result of the Additional Tariff.

The following table sets forth the breakdown of our revenue by the geographical location of our customers for the periods indicated:

Geographical segment	FY2016		FY2017		FY2018		4M2018		4M2019	
	Revenue	% to total	Revenue	% to total	Revenue	% to total	Revenue	% to total	Revenue	% to total
	US\$'000	%	US\$'000	%	US\$'000	%	US\$'000	%	US\$'000	%
North America	54,183	39.8	76,666	51.1	86,618	49.8	26,820	52.7	25,245	44.6
Europe	42,732	31.4	35,936	23.9	41,927	24.1	14,039	27.6	13,513	23.9
Asia	25,792	19.0	25,157	16.8	31,703	18.2	6,315	12.4	10,387	18.3
Latin America	13,345	9.8	12,352	8.2	13,604	7.9	3,691	7.3	7,485	13.2
Total	136,052	100.0	150,111	100.0	173,852	100.0	50,865	100.0	56,630	100.0

SUMMARY

For FY2016, FY2017, FY2018, 4M2018 and 4M2019, 39.8%, 51.1%, 49.8%, 52.7% and 44.6% of our revenue were derived from North America, respectively. According to Frost & Sullivan, the number of subscribers of MSO services in North America slightly decreased from 106.1 million in 2013 to 101.4 million in 2018, representing a CAGR of -0.9%, and is expected to decrease at a CAGR of -1.7% from 2019 to 2023. Such decrease in the number of MSO services subscribers in North America is not expected to have a material adverse impact on the overall business of our Group, as it is expected to be compensated by the increase in the number of subscribers of OTT service in the same region. Please refer to “Business — Our Sales and Marketing — Our sales coverage” for further details.

Our major customers include the world famous or leading MSOs as well as TV and OTT device brands, providing subscription broadcasting and TV streaming services to the end-users in their respective geographical region(s). The following table sets forth the breakdown of our revenue by customer type based on their target markets for the periods indicated^(Note 1):

Customer Type	FY2016		FY2017		FY2018		4M2018		4M2019	
	Revenue US\$'000	% to total revenue %	Revenue US\$'000	% to total revenue %	Revenue US\$'000	% to total revenue %	Revenue US\$'000	% to total revenue %	Revenue US\$'000	% to total revenue %
Customers which target the MSO market ^(Note 2)	130,848	96.2	128,431	85.5	125,443	72.2	40,734	80.1	39,225	69.3
Customers which target the retail market of consumer electronics brands ^(Note 3)	5,204	3.8	21,680	14.5	48,409	27.8	10,131	19.9	17,405	30.7
Total	136,052	100	150,111	100	173,852	100	50,865	100	56,630	100

Notes:

1. This breakdown of revenue is prepared based on our Company’s own classification of our customers and is intended for illustration purpose only.
2. All of our MSO customers also provide OTT services ancillary to their existing TV broadcasting services.
3. Consumer electronics include TV, OTT devices etc.

During the Track Record Period, our revenue contributed by customers which mainly target the retail market of consumer electronics brands (including TV, OTT etc.) increased from 3.8% in FY2016 to 27.8% in FY2018, and further to 30.7% in 4M2019. Such increase is in line with the increase of the revenue generated by the global OTT services and the market trend of users shifting from MSO services to OTT services.

The following table sets forth a breakdown of gross profit and gross profit margin by geographical location of our customers for the periods indicated:

	FY2016		FY2017		FY2018		4M2018		4M2019	
	Gross Profit US\$'000	Gross profit margin %	Gross Profit US\$'000	Gross profit margin %	Gross Profit US\$'000	Gross profit margin %	Gross Profit US\$'000	Gross profit margin %	Gross Profit US\$'000	Gross profit margin %
North America	10,532	19.4	14,488	18.9	14,346	16.6	4,485	16.7	3,806	15.1
Europe	9,844	23.0	9,966	27.7	11,072	26.4	3,555	25.3	2,520	18.6
Asia	5,124	19.9	4,200	16.7	2,486	7.8	1,178	18.6	1,135	10.9
Latin America	5,100	38.2	5,212	42.2	6,106	44.9	1,516	41.1	2,600	34.7
Total	30,600	22.5	33,866	22.6	34,010	19.6	10,734	21.1	10,061	17.8

SUMMARY

OUR MAJOR SUPPLIERS

Our suppliers comprise suppliers of components and manufacturing partners which provide assembly services for us. Our major suppliers are corporate entities who are principally engaged in the processing or manufacturing of consumer electronics (in case they are our manufacturing partners) or sale of components. Including the period during which we operated as the home control division of Philips before the MS Acquisition, we have up to 10 years of relationship with most of our five largest suppliers during the Track Record Period. For FY2016, FY2017, FY2018 and 4M2019, our purchase attributable to our five largest suppliers in aggregate accounted for 46.8%, 44.4%, 37.3% and 42.7%, respectively, of our cost of purchase. For FY2016, FY2017, FY2018 and 4M2019, our purchase attributable to our largest supplier in aggregate accounted for 15.1%, 12.0%, 11.3% and 15.0%, respectively, of our cost of purchase for the same periods. All of our five largest suppliers during the Track Record Period were and are Independent Third Parties.

For component suppliers, during FY2018, we sourced key components (comprising plastics, ICs, keymats and PCBs) from over 100 suppliers in aggregate who are mainly situated in the PRC, Singapore, Hong Kong and Taiwan. Except where our customer designates the source of supply (e.g. ICs), before confirming the supplier, we normally would seek quotations from two to three supplier candidates to ensure we have a stable source of supply, obtain the most favourable price and avoid dependency on any single supplier.

As we adopt an asset-light model in our supply chain management, we engage manufacturing partners to undertake the labour intensive assembly process for us. For FY2018, we engaged nine manufacturing partners situated in the PRC and Cambodia. Depending on the nature of the remote control and our customers' commercial requirement, we adopt different outsourcing models as we consider cost-efficient. For details, see "Business — Outsourcing" in this prospectus.

Thanks to our asset-light business model and our high degree of control over the supply chain, we are able to move the assembly process among different manufacturing partners and jurisdictions in response to changing market and economic environment. Due to the increasing production and labour costs in the PRC and to diversify the source of assembly services, we began to initiate the move of our assembly process from the PRC to Cambodia back in February 2017. We accelerated the process of diversifying the source of assembly services to Cambodia in the second half of 2018 in light of the intensifying Sino-U.S. trade conflicts. For details, see "Business — Our Customers — Recent intensification of Sino-U.S. trade conflicts".

OUR COMPETITIVE STRENGTHS

We take pride in the following competitive strengths which have contributed to our success and differentiated us from our competitors:

- we have worldwide presence and solid partnership with blue-chip customers;
- we offer complete and seamless home control solutions under an asset-light business model;
- we have strong R&D capability to deliver innovative home control solutions;
- we deliver remote control of superb quality, which are tailored to match the specific needs and brand identities of our blue-chip customers;
- we are well positioned to capture growth opportunities from the fast-growing subscription broadcasting and TV streaming market; and
- we have an experienced and visionary management team with high caliber and a proven track record.

SUMMARY

OUR BUSINESS STRATEGIES

We intend to pursue the following strategies to maintain our leading position, drive our growth and create value for our Shareholders:

- continuing to expand our sales and market shares, especially in the OTT segment;
- extending our offering by providing integrated smart home security solutions;
- extending our product lines and driving our growth through pursuing strategic investments in or acquisition of companies or businesses in the OTT and/or the smart home security segment(s);
- enlarging our professional sales force to complement our business development, solidify our relationship with major customers, expand our market coverage and generate cross-selling opportunities; and
- extending our supply chain footprint beyond the PRC.

SUMMARY OF KEY OPERATIONAL AND FINANCIAL INFORMATION

Summary of consolidated statements of profit or loss and other comprehensive income

	FY2016 <i>US\$'000</i>	FY2017 <i>US\$'000</i>	FY2018 <i>US\$'000</i>	4M2018 <i>US\$'000</i>	4M2019 <i>US\$'000</i>
Revenue	136,052	150,111	173,852	50,865	56,630
Gross profit	30,600	33,866	34,010	10,734	10,061
Operating income	6,999	11,422	10,082	2,395	2,389
Net profit	5,722	5,264	3,649	1,193	(454)

Non-IFRS Financial Measures

We recognised non-recurring items during the Track Record Period. To supplement our consolidated financial statements which are presented in accordance with IFRS, we also presented adjusted net profit, adjusted EBITDA, adjusted net profit margin, adjusted EBITDA margin and debt to adjusted EBITDA as non-IFRS measures. We present these additional financial measures as these were used by our management to evaluate our financial performance by eliminating the impact of several non-recurring items which are considered not indicative for evaluation of the actual performance of our business. We believe these non-IFRS measures are a more accurate indication of our profitability and operating performance as well as liquidity during the Track Record Period. However, these non-IFRS measures should not be considered in isolation or construed as an alternative to net profit or operating income, or as an indicator of our operating performance or other consolidated operations or cash flow data prepared in accordance with IFRSs, or as an alternative to cash flow as a measurement of liquidity. The use of non-IFRS measures has material limitations as an analytical tool, as it does not include all items that impact our profit during the Track Record Period. Potential investors should be aware that these non-IFRS measures presented in this prospectus may not be comparable to similarly titled measures reported by other companies due to differences in the components of the calculation.

The table below sets forth the adjusted net profit and adjusted EBITDA of our Group during the Track Record Period:

	FY2016 <i>US\$'000</i>	FY2017 <i>US\$'000</i>	FY2018 <i>US\$'000</i>	4M2018 <i>US\$'000</i>	4M2019 <i>US\$'000</i>
Adjusted net profit	4,589	5,576	5,574	1,373	946
Adjusted EBITDA	10,171	14,927	14,049	3,665	3,797

SUMMARY

The table below sets forth the calculation of the adjusted net profit and adjusted EBITDA of our Group during the Track Record Period:

	FY2016 US\$'000	FY2017 US\$'000	FY2018 US\$'000	4M2018 US\$'000	4M2019 US\$'000
Profit for the year	5,722	5,264	3,649	1,193	(454)
Add:-					
Write-off of loan arrangement fee ⁽¹⁾	-	-	1,080	-	-
Restructuring-related severance expenses ⁽²⁾	1,938	312	845	180	-
Listing expenses	-	-	-	-	1,400
Less:					
Compensation income ⁽³⁾	(3,071)	-	-	-	-
Adjusted net profit	4,589	5,576	5,574	1,373	946
Add:					
Income tax expenses	1,921	3,162	807	195	295
Finance costs ⁽⁴⁾	312	2,350	2,975	824	1,102
Withholding tax ⁽⁵⁾	-	334	726	3	46
Depreciation	2,121	2,228	2,756	840	982
Amortisation for other intangible assets	1,228	1,277	1,211	430	426
Adjusted EBITDA	10,171	14,927	14,049	3,665	3,797

Notes:

- (1) Write-off of loan arrangement fee related to the early repayment of a loan drawdown in FY2016 in replacement of a new loan in FY2018.
- (2) Restructuring-related severance expenses amounted to US\$1.9 million, US\$0.3 million, US\$0.8 million, US\$0.2 million and nil for FY2016, FY2017, FY2018, 4M2018 and 4M2019, respectively, which related to the costs incurred for our integration project to streamline our headcounts after the MS Acquisition throughout the Track Record Period. See "Financial Information — Non-IFRS measures adjusted net profit and adjusted EBITDA" for details.
- (3) Compensation income of US\$3.1 million for FY2016 was related to the one-off post completion payment from the previous owner of Home Control Singapore pursuant to the contractual terms of the MS Acquisition.
- (4) Finance cost of US\$3.0 million for FY2018 was derived from the total finance cost of US\$4.1 million less the write-off of loan arrangement fee of US\$1.1 million.
- (5) Withholding tax amounted to nil, US\$0.3 million, US\$0.7 million, US\$3,000 and US\$46,000 for FY2016, FY2017, FY2018, 4M2018 and 4M2019, respectively, which related to withholding tax on loan arrangement fee and loan interest expenses paid. As a tax item, such withholding tax is added back to calculate the adjusted EBITDA.

Summary of consolidated statements of financial position

The table below sets out the principal components of our assets and liabilities as at 31 December 2016, 2017 and 2018 and 30 April 2019:

	As at 31 December			As at
	2016 US\$'000	2017 US\$'000	2018 US\$'000	30 April 2019 US\$'000
Non-current assets	16,739	16,636	16,523	16,313
Current assets	55,600	68,765	76,773	72,391
Current liabilities	35,839	55,306	64,563	58,830
Net current assets	19,761	13,459	12,210	13,561
Non-current liabilities	31,758	27,673	28,708	28,802
Net assets	4,742	2,422	25	1,072

SUMMARY

The decrease in the net assets was mainly due to dividends distributed to our Controlling Shareholders. During the Track Record Period, we paid dividends of US\$35.4 million, US\$8.0 million and US\$5.7 million in FY2016, FY2017 and FY2018 respectively. Such dividends came from the comprehensive income and share premium of our Company and also financed by our banking facilities. For details, see “Financial Information — Net assets” in this prospectus.

The decrease in net current assets from FY2016 to FY2018 was mainly due to increase in interest-bearing bank and other borrowings.

Summary of consolidated statements of cash flows

The table below sets out selected items of our key consolidated cash flows for the Track Record Period:

	FY2016 US\$'000	FY2017 US\$'000	FY2018 US\$'000	4M2018 US\$'000 (Unaudited)	4M2019 US\$'000
Operating cash flows before movements in working capital	13,853	14,250	13,694	3,610	3,807
Net cash from operating activities	10,785	11,841	13,618	(5,445)	86
Net cash used in investing activities	(3,342)	(2,884)	(3,816)	(1,355)	(1,207)
Net cash from/(used in) financing activities	(5,929)	(12,050)	828	7,167	(733)
Cash and cash equivalents at the end of the year/period	12,222	9,342	19,854	9,724	17,970

During the Track Record Period, our net cash from operating activities and net cash used in investing activities remained relatively stable. The net cash used in financing activities for FY2016 and FY2017 were primarily due to dividends paid, and the net cash from financing activities for FY2018 was primarily due to new borrowings.

For 4M2018, we recorded a net cash outflow from operating activities of US\$5.4 million primarily due to profit before tax of US\$1.4 million adjusted by the increase in trade receivables of US\$6.8 million. For 4M2019, we recorded a minimal cash inflow from operating activities of US\$86,000 primarily because we recorded a loss before tax of US\$0.2 million adjusted by reconciliation of non-cash items of US\$4.0 million and negative changes in working capital of US\$3.8 million which included the decrease in trade payables of US\$4.5 million. The fluctuations in the working capital cash flow are merely interim fluctuations due to the different periods for payables and receivables.

KEY FINANCIAL RATIOS

The table below sets out our key financial ratios as at each of the dates indicated:

	As at/For the year ended 31 December			As at/For the four months ended 30 April 2019
	2016	2017	2018	
Gross profit margin (%)	22.5	22.6	19.6	17.8
Net profit margin (%)	4.2	3.5	2.1	N/A
Return on capital employed (%)	21.8	35.8	29.6	9.5 <i>(annualised)</i>
Current ratio (times)	1.6	1.2	1.2	1.2
Debt to total assets (%)	46.4	37.5	46.0	48.6
Non-IFRS Measures				
Adjusted net profit margin (%) ⁽¹⁾	3.4	3.7	3.2	1.7
Adjusted EBITDA margin (%) ⁽²⁾	7.5	9.9	8.1	6.7
Debt to adjusted EBITDA (time) ⁽³⁾	3.3	2.1	3.1	3.8 <i>(annualised)</i>

SUMMARY

Notes:

- (1) Adjusted net profit margin for FY2016, FY2017, FY2018 and 4M2019 was calculated based on the adjusted net profit for the year/period divided by revenue for the respective years/period and multiplied by 100%. For the formula of the adjusted net profit, see “Financial Information — Non-IFRS measures: adjusted net profit and adjusted EBITDA” for details.
- (2) Adjusted EBITDA margin for FY2016, FY2017, FY2018 and 4M2019 was calculated based on adjusted EBITDA for the year/period divided by revenue for the respective years/period and multiplied by 100%. For the formula of the adjusted EBITDA, see “Financial Information — Non-IFRS measures: adjusted net profit and adjusted EBITDA” for details.
- (3) Debt to adjusted EBITDA as at 31 December 2016, 2017 and 2018 and 30 April 2019 was calculated based on total debt (sum of total bank borrowings and lease liabilities) as at the respective dates divided by adjusted EBITDA for the respective years. For the formula of the adjusted EBITDA, see “Financial Information — Non-IFRS measures: adjusted net profit and adjusted EBITDA” for details.
- (4) For the definitions of our other major financial ratios, see “Financial Information — Key Financial Ratios” in this prospectus.

Our gross profit margin decreased from 22.6% for FY2017 to 19.6% for FY2018 primarily because we adopted more competitive markup strategies to maintain corporate relationships with our major customers in North America and Asia.

We recorded a higher return on capital employed for FY2017 primarily due to a higher EBIT for the corresponding year, and we recorded a lower debt to total assets as at 31 December 2017 primarily due to increase of assets by purchase of moulds whilst we maintained the same level of bank borrowings. The lower return on capital employed for 4M2019 was primarily due to Listing expenses. Excluding the Listing expenses, the adjusted annualised return on capital employed would be 23.5%. For details, see “Financial Information — Key Financial Ratios”.

RECENT DEVELOPMENTS

Our business model has remained unchanged and our revenue and cost structure has remained stable subsequent to 30 April 2019. Except that our overall sales in North America are expected to decrease in FY2019 as the supplies to two of our major customers in the U.S. (being Customer C and Customer E) will soon end in accordance with the relevant product life cycle, and our Directors confirmed that such decrease was not related to the Additional Tariff (as defined below). As at the Latest Practicable Date and to the best knowledge of our Directors, Customer C is in the process of selecting suppliers for their new generation of voice remote controls and our Group is currently under this selection process. Regarding Customer E, we supplied our remote controls to the supplier of Customer E from whom Customer E source STBs in August 2019. We maintained stable business outlook subsequent to 30 April 2019.

Since the second half of 2018, to manage the potential impact of the intensifying Sino-U.S. trade conflicts, we had transferred or were in the course of transferring, the production from the PRC to Cambodia in respect of products sold to most of the U.S. customers under which we were identified as importer of record and hence directly responsible for the payment of additional tariff of 25% (with effect from 23 August 2018 onwards and up to the Latest Practicable Date) imposed on Chinese goods imposed by U.S. government (the “**Additional Tariff**”) given the inclusion of our products on the second list, which is subject to the Additional Tariff. In July 2019, we completed the transfer of the assembly process to Cambodia for our sales to U.S. customers under which we were identified as importer of record (excluding those customers who have agreed not to proceed with the transfer). For those U.S. customers or their suppliers who are directly responsible for the payment of the Additional Tariff, we are now able to offer an option to them to have the assembly process to be carried out in Cambodia. According to our internal analysis and as advised by our tax advisers, Ernst & Young Tax Services Limited, given that all foreign components underwent substantial transformation in Cambodia, such remote controls should be considered Cambodian origin and therefore are not subject to the Additional Tariff upon import from Cambodia into the U.S.*. As a result of the foregoing measures and the completion of the transfer of the assembly process, any impact of the Additional Tariff on the

* This is subject to the formal ruling of the U.S. Customs and Border Protection (or its counterparts) whose decision on the country of origin shall be final and binding.

SUMMARY

demand of our product has already been minimised. We are also not aware of any U.S. customer shifting to and sourcing remote controls from other suppliers because of the imposition of the Additional Tariff. In light of the above, we do not expect that the recent intensifying Sino-U.S. trade conflicts have or will have a material impact on our business and outlook. See “Business — Our Customers — Recent intensification of Sino-U.S. trade conflicts” for further information.

To the best knowledge, information and belief of our Directors, up to the Latest Practicable Date, there is no material change to the market condition which would materially affect the operation or performance of our principal business. Our Directors have confirmed that, up to the date of this prospectus, there had been no material adverse change in our financial or trading position or prospects since 30 April 2019, being the date to which our latest audited financial statements were prepared, and save as disclosed in this subsection, there was no event since 30 April 2019 which would materially affect the information shown in our consolidated financial statements included in the Accountant’s Report set forth in Appendix I to this prospectus.

DIVIDEND POLICY

During the Track Record Period, the dividends paid by our Group was US\$35.4 million, US\$8.0 million and US\$5.7 million for FY2016, FY2017 and FY2018, respectively. Since we distributed higher total dividends than the retained profits, we recorded accumulated losses of US\$5.8 million, US\$7.3 million, US\$4.2 million and US\$4.6 million, respectively, as at 31 December 2016, 2017, 2018 and 30 April 2019. For details, see “Accountant’s Report — Consolidated Statements of Changes in Equity” in Appendix I to this prospectus. As advised by our Cayman Islands legal advisers, a position of accumulated losses does not necessarily restrict us from declaring and paying dividends to our Shareholders. Under Cayman Islands law, provided that any distribution of dividend (i) is to be paid out of either our profits or amounts standing to the credit of our share premium account; and (ii) would not result in our Company being unable to pay our debts as they fall due in the ordinary course of business, our Group will still be able to distribute dividends after the Listing, even in view of the accumulated losses during the Track Record Period.

Currently, we expect to distribute not less than 30% of our annual distributable profits as dividends in the future. The declaration of dividends is subject to the discretion of our Board and the approval of our Shareholders, and we may change our dividend policy or distribution ratio in the future. There is no assurance that we will be able to distribute dividends of such amounts or any amounts in every year or any year in the future. For details, see “Financial Information — Dividend Policy” in this prospectus. The dividend distribution recorded in the past may not be used as a reference or basis to determine the level of dividends that may be declared or paid by our Board in the future.

SHAREHOLDER INFORMATION

Controlling Shareholders

Immediately following completion of the Capitalisation Issue and Global Offering (assuming the Over-allotment Option is not exercised and without taking into account any Shares to be allotted and issued upon exercise of any options granted under the 2015 Stock Option Plan), NHPEA will be entitled to exercise voting rights of approximately 75% of the issued share capital of our Company. NHPEA is wholly owned by NHPEA Holdings, which is wholly owned by NHPEA Cayman. NHPEA Cayman is wholly owned by NHPEA L.P., the general partner of which is MSPEA IV L.L.C. As a result, MSPEA IV L.L.C., NHPEA L.P., NHPEA

SUMMARY

Cayman, NHPEA Holdings and NHPEA are our Controlling Shareholders upon Listing. See “Substantial Shareholders” in this prospectus for further details of our Controlling Shareholders and their shareholdings in our Company.

2015 Stock Option Plan

Our Company has adopted the 2015 Stock Option Plan. Assuming all options under the 2015 Stock Option Plan had been exercised in full after the completion of the Global Offering but without taking into account any Shares which may be allotted and issued upon exercise of the Over-allotment Option, this will have a dilutive effect on (i) the shareholding of the Shareholders of 7.55% and (ii) earnings per Share of 7.55%. See “Statutory and General Information — D. 2015 Stock Option Plan” in Appendix IV to this prospectus for further details of the 2015 Stock Option Plan.

OFFER STATISTICS

All statistics in the following table are based on the assumptions that: (i) the Global Offering has been completed; (ii) the Over-allotment Option is not exercised; and (iii) 500,000,000 Shares are in issue following the completion of the Global Offering:

	Based on Offer Price per Share of HK\$1.02	Based on Offer Price per Share of HK\$1.49
Market capitalisation of our Shares	HK\$510 million	HK\$745 million
Unaudited pro forma net tangible asset value per Share ^(Note)	HK\$0.04	HK\$0.12

Notes:

- (1) Based on 500,000,000 Shares expected to be in issue immediately following the completion of the Global Offering.
- (2) After adjustment referred to in “Unaudited Pro Forma Financial Information” in Appendix II to this prospectus.

LISTING EXPENSES

Our listing expenses mainly comprise professional fees paid to the Sole Sponsor, Sole Global Coordinator, legal advisers, the reporting accountant, among others, for their services rendered in relation to the Listing and the Global Offering. Based on the mid-point of the proposed Offer Price range, the total expenses for the Listing are estimated to be US\$3.8 million, of which (i) US\$1.1 million is directly attributable to the issue of new Shares to the public and will be accounted for as deduction from equity; and (ii) US\$2.7 million will be charged to profit and loss of our Group for FY2019. For the nine months ended 30 September 2019, US\$2.7 million of Listing expenses was incurred.

FUTURE PLANS AND USE OF PROCEEDS

We estimate that we will receive net proceeds from the Global Offering of approximately HK\$106.54 million (equivalent to approximately US\$13.57 million) (assuming an Offer Price of HK\$1.26 per Share, being the mid-point of the indicative Offer Price range), after deducting the underwriting fees and expenses payable by us in the Global Offering and assuming no exercise of the Over-allotment Option.

SUMMARY

We currently intend to apply these net proceeds in the following manner:

- approximately HK\$19.10 million (equivalent to US\$2.43 million) or 17.92% of our total estimated net proceeds for research and development as well as other efforts to develop (i) our core products for OTT segment, including developing new features and product capabilities in OTT devices, and work on technology integration of remote control and advanced user interface; and (ii) our extended product lines in smart home products, such as wireless enabled smart home security devices, controllers and hubs in which similar connectivity and two-way communication technologies and software programming as our existing products are embedded. Additional R&D staff responsible for product development and innovation in OTT products as well as R&D staff for researching and development smart home security products are to be hired;
- approximately HK\$30.80 million (equivalent to US\$3.92 million) or 28.91% of our total estimated net proceeds for pursuing strategic investments in or acquisition of companies or businesses primarily in the fields of the design or development of OTT system and/or smart home security products by 2021;
- approximately HK\$18.48 million (equivalent to US\$2.35 million) or 17.35% of our total estimated net proceeds for expanding our professional sales force for a period of four years to support our business expansion, including hiring senior sales personnel for OTT and smart home security segments, sales personnel at management level for business planning and development in our target markets, and account managers for our extended product lines in smart home security;
- approximately HK\$8.80 million (equivalent to US\$1.12 million) or 8.26% of our total estimated net proceeds for extending our supply chain footprint beyond the PRC and strengthening our supply chain management and investment, including providing support to our manufacturing partners to facilitate the set up of production lines, and to provide necessary support to our suppliers in Cambodia;
- approximately HK\$21.12 million (equivalent to US\$2.69 million) or 19.82% of our total estimated net proceeds for repayment (the “**Loan Repayment**”) of our bank borrowings under a US\$76 million facility agreement dated 12 December 2018 at an interest rate which is the aggregate of LIBOR and 3% per annum pursuant to which US\$45 million were drawn-down and utilised to repay previous banking facilities and will be fully repaid by 2023; and
- approximately HK\$8.25 million (equivalent to US\$1.05 million) or 7.74% of our total estimated net proceeds for our Group’s working capital and general corporate purposes.

If the Offer Price is fixed at HK\$1.49 per Offer Share, being the higher end of the indicative Offer Price range, the net proceeds will be increased to approximately HK\$126.1 million. If the Offer Price is fixed at HK\$1.02 per Offer Share, being the lower end of the indicative Offer Price range, the net proceeds will be reduced to approximately HK\$86.2 million. Under such circumstances, we intend to increase or decrease, respectively, the net proceeds from the Global Offering to be used for the above purposes (except for the amount of the net proceeds allocated for the Loan Repayment will remain unchanged) on a pro-rata basis. For details, see “Business — Our Business Strategies” and “Future Plans and Use of Proceeds” in this prospectus.

SUMMARY

RISK FACTORS

There are a number of risks involved in our operations and in connection with the Global Offering, many of which are beyond our control. These risks can be categorised into (i) risks relating to our business, (ii) risks relating to our industry; (iii) risks relating to conducting business in different countries; (iv) risks relating to conducting business in the PRC; and (v) risks relating to the Global Offering. We believe that the following are some of the major risks that may have a material adverse effect on us:

- Our world-wide business presence exposes us to various legal, economic and political risks of different geographical markets.
- Any termination, interruption or modification of our business relationship with any of our major customers, whether due to underperformance of our major customers or any other reason, may materially and adversely affects our sales and profitability.
- We may fail to anticipate technology innovation and successfully develop and market new products on time, or at all, which would materially and adversely affect our business, financial position and prospects.
- Any material increase in the prices of components or loss of major suppliers may materially and adversely affect our business and financial position.
- An impairment of goodwill would adversely affect our financial condition and results of operations.

DEFINITIONS

In this prospectus, unless the context otherwise requires, the following terms and expressions shall have the following meanings:

“2015 Stock Option Plan”	the stock option plan of our Company as approved by the Board on 1 May 2015, the principal terms of which are summarised in the section headed “Statutory and General Information — D. 2015 Stock Option Plan” in Appendix IV to this prospectus
“4M2018”	the four months ended 30 April 2018
“4M2019”	the four months ended 30 April 2019
“Airtel”	Bharti Airtel Limited, a company which is based in India and its subsidiary is principally engaged in the provision of media and broadcasting services
“Application Form(s)”	WHITE application form(s), YELLOW application form(s) and GREEN application form(s) or, where the context so requires, any of them
“Articles of Association” or “Articles”	the amended and restated articles of association of our Company, conditionally adopted on 14 October 2019 which will become effective upon Listing and as amended, supplemented or modified from time to time, a summary of which is set out in Appendix III to this prospectus
“AT&T”	AT&T Services, Inc., a leading company which is based in the U.S. and its subsidiary is one of our five largest customers during the Track Record Period. It is principally engaged in the provision of telecommunication, video and other communications services to U.S.-based consumers
“Board of Directors” or “Board”	the board of Directors
“British Telecom”	British Telecommunications PLC, a company which is based in the U.K. and is principally engaged in the provision of telecommunication and internet services

DEFINITIONS

“Business Day”	a day (excluding Saturday, Sunday or public or statutory holiday in Hong Kong and any day on which a tropical cyclone warning No. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon or on which Extreme Condition is in force or remains in force between 9:00 a.m. to 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are generally open for business in Hong Kong throughout their normal business hours
“BVI”	the British Virgin Islands
“CAGR”	compound annual growth rate
“Cambodia Partner”	Hana Microelectronics (Cambodia) Co., Ltd., a company based in Cambodia and is one of our main suppliers of product assembly services. It is principally engaged in the assembly of microelectronics and its parent company is listed on the Stock Exchange of Thailand
“Capitalisation Issue “	the issue of 412,489,900 Shares to be made on the capitalisation of certain sums standing to the credit of the share premium account of our Company as referred to in “Statutory and General Information — A. Further information about our Group — 4. Resolutions passed by our sole Shareholder” in Appendix IV to this prospectus
“Cayman Companies Law” or “Companies Law” or “Cayman Islands Company Law”	the Companies Law, (as revised) of the Cayman Islands, as amended, consolidated or otherwise modified from time to time
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Clearing Participant(s)”	a person admitted to participate in CCASS as a direct clearing participant or general clearing participant
“CCASS Custodian Participant(s)”	a person admitted to participate in CCASS as a custodian participant

DEFINITIONS

“CCASS Investor Participant(s)”	a person admitted to participate in CCASS as an investor participant, who may be an individual, joint individuals or a corporation
“CCASS Operational Procedures”	the operational procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to the operations and functions of CCASS, as from time to time in force
“CCASS Participant(s)”	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
“China”, “PRC” or the “People’s Republic of China”	the People’s Republic of China, and for the purpose of this prospectus only, excludes, Hong Kong, Macau and Taiwan
“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Companies Ordinance” or “Hong Kong Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company” or “our Company”	Home Control International Limited, a company incorporated in the Cayman Islands on 24 December 2014 as an exempted company with limited liability
“connected person(s)” or “core connected person(s)”	has the meaning given to it under the Listing Rules
“connected transaction(s)”	has the meaning given to it under the Listing Rules
“Controlling Shareholders”	has the meaning given to it in the Listing Rules and, unless the context otherwise requires, refers to NHPEA, NHPEA Holdings, NHPEA Cayman, NHPEA L.P. and MSPEA IV L.L.C.
“Deed of Indemnity”	the deed of indemnity dated 29 October 2019 given by NHPEA, NHPEA Holdings, NHPEA Cayman and NHPEA L.P. in favour of our Company (for itself and as trustee for each of its subsidiaries), particulars of which are set out in “Statutory and General Information — E. Other information — 1. Indemnities from Controlling Shareholders” in Appendix IV to this prospectus

DEFINITIONS

“Director(s)”	the director(s) of our Company
“EBIT”	earnings before interest and tax
“EBITDA”	earnings before interest, tax, depreciation and amortisation
“EIT”	enterprise income tax of the PRC
“EIT Law”	the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) promulgated on 16 March 2007, as amended, supplemented or otherwise modified from time to time
“Extreme Conditions”	extreme conditions including but not limited to serious disruption of public transport services, extensive flooding, major landslides or large-scale power outage after super typhoons as announced by the government of Hong Kong
“Foxtel”	Foxtel Management Pty Limited, a company based in Australia and is principally engaged in the provision of media and information services
“Frontier”	Frontier Communications Corporation, a company which is based in the U.S. and is principally engaged in the provision of internet, video, TV and phone services
“Frost & Sullivan” or “F&S”	Frost & Sullivan Limited, an Independent Third Party and an independent market research expert
“F&S Report”	the market research report on the home control solution industry prepared by Frosts & Sullivan and commissioned by us
“FY2016”	the financial year ended 31 December 2016
“FY2017”	the financial year ended 31 December 2017
“FY2018”	the financial year ended 31 December 2018
“FY2019”	the financial year ending 31 December 2019
“Global Offering”	together, the Hong Kong Public Offering and the International Offering
“GREEN Application Form(s)”	the application form(s) to be completed by the HK eIPO White Form Service Provider

DEFINITIONS

“Group”, “our Group”, “we”, “our” or “us”	our Company and our subsidiaries or, where the context so requires, in respect of the period before our Company became the holding company of our present subsidiaries (or before such associated companies of our Company), the business operated by such subsidiaries or their predecessors (as the case may be)
“HCIL Master Option”	HCIL Master Option Ltd, an exempted company incorporated in the Cayman Islands on 9 April 2015 with limited liability and a direct wholly-owned subsidiary of our Company
“HCS (Suzhou)”	HCS (Suzhou) Limited (蘇州歐清電子有限公司), a WFOE established in the PRC with limited liability on 3 March 2011, an indirect wholly-owned subsidiary of our Company
“Hisense”	Hisense Electric Co., Ltd. (青島海信電器股份有限公司), a company which is based in the PRC and is principally engaged in the development, manufacturing and sales of television and television related products
“HK eIPO White Form”	the application for Hong Kong Offer Shares to be issued in the applicant’s own name by submitting applications online through the designed website of HK eIPO White Form at www.hkeipo.hk or the IPO App
“HK eIPO White Form Service Provider”	the HK eIPO White Form service provider designated by our Company, as specified on the designated website at www.hkeipo.hk or the IPO App
“HKSCC”	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
“HKSCC Nominees”	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
“HK\$” or “Hong Kong dollars” or “HK dollars” or “cents”	Hong Kong dollars and cents, respectively, the lawful currency of Hong Kong
“Home Control Europe”	Home Control Europe NV, a company incorporated in Belgium with limited liability on 26 December 2013 and an indirectly wholly-owned subsidiary of our Company

DEFINITIONS

“Home Control Singapore”	Home Control Singapore Pte. Ltd., a company incorporated in Singapore with limited liability on 10 October 2012 and a direct wholly-owned subsidiary of our Company
“Home Control Suzhou”	蘇州歐之電子有限公司 (Home Control Solutions (Suzhou) Limited*), a WFOE established in the PRC with limited liability on 28 July 2015, an indirect wholly-owned subsidiary of our Company
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Offer Shares”	the 12,500,000 Offer Shares (subject to reallocation) initially being offered by our Company for subscription at the Offer Price under the Hong Kong Public Offering, as described in the “Structure of the Global Offering” in this prospectus
“Hong Kong Public Offering”	the issue and offer by our Company of the Hong Kong Offer Shares for subscription by the public in Hong Kong for cash at the Offer Price, on the terms and subject to the conditions described in this prospectus and the Application Forms
“Hong Kong Share Registrar”	Tricor Investor Services Limited
“Hong Kong Underwriters”	the underwriters of the Hong Kong Public Offering listed in “Underwriting — Hong Kong Underwriters”
“Hong Kong Underwriting Agreement”	the Hong Kong underwriting agreement dated 30 October 2019 relating to the Hong Kong Public Offering entered into by, among other parties, our Company, the Selling Shareholder, the Sole Global Coordinator, the Sole Sponsor and the Hong Kong Underwriters, particulars of which are summarised in “Underwriting” in this prospectus
“IAS”	International Accounting Standards
“IFRS”	International Financial Reporting Standards, amendments and the related interpretations issued by the International Accounting Standards Board

DEFINITIONS

“Independent Third Party(ies)”	a person or persons or a company or companies which, to the best of our Directors’ knowledge, information and belief having made all reasonable enquiries, is independent of and not connected with (within the meaning of the Listing Rules) any of our Directors and substantial shareholders (within the meaning of the Listing Rules) of our Company, any of its subsidiaries or any of their respective associates (within the meaning of the Listing Rules)
“International Offer Shares”	the 112,500,000 Shares being initially offered by our Company for subscription at the Offer Price under the International Offering together with any additional Shares that may be issued or sold pursuant to any exercise of the Over-allotment Option, subject to reallocation as described in “Structure of the Global Offering” in this prospectus
“International Offering”	the conditional placing of the International Offer Shares at the Offer Price by the International Underwriters for and on behalf of our Company, subject to reallocation, together where relevant, with any additional shares that may be issued or sold pursuant to any exercise of the Over-allotment Option, as further described in “Structure of the Global Offering” in this prospectus
“International Underwriters”	the underwriters of the International Offer Shares, who are expected to entered into the International Underwriting Agreement and whose names are set out in “Underwriting” in this prospectus
“International Underwriting Agreement”	the conditional underwriting agreement relating to the International Offering which is expected to be entered into on or around 6 November 2019 by, among others, our Company, the Selling Shareholder, the Sole Global Coordinator, the Sole Sponsor and the International Underwriters, particulars of which are summarised in “Underwriting” in this prospectus
“IPO App”	the mobile application for HK eIPO White Form service which can be downloaded by searching “ Tricor IPO APP ” in App Store or Google Play or downloaded at www.hkeipo.hk/IPOApp or www.tricorglobal.com/IPOApp
“IRAS”	the Inland Revenue Authority of Singapore
“Joint Bookrunners” or “Joint Lead Managers”	Mason Securities Limited, Yuanta Securities (Hong Kong) Company Limited, SPDB International Capital Limited, Fortune (HK) Securities Limited, Shanxi Securities International Limited and Alpha Financial Group Limited

DEFINITIONS

“Latest Practicable Date”	22 October 2019, being the latest practicable date for the purpose of ascertaining certain information contained in this prospectus prior to the printing of this prospectus
“Liberty Global”	Liberty Global Services B.V., a company based in the Netherlands and is one of our five largest customers during the Track Record Period. It is principally engaged in holding, operating and developing subscriber and multi-channel television systems and networks
“LIBOR”	the London Interbank Offered Rate
“Listing”	the listing of the Shares on the Main Board of the Stock Exchange
“Listing Committee”	the listing sub-committee of the board of director of the Stock Exchange
“Listing Date”	14 November 2019, being the date on which our Shares are listed on the Stock Exchange and from which dealings in our Shares are permitted to commence on the Stock Exchange
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time
“Macau”	the Macau Special Administrative Region of the PRC
“Main Board”	the stock exchange (excluding the options market) operated by the Stock Exchange which is independent from and operated in parallel with GEM of the Stock Exchange
“Mason Global Capital” or “Sole Sponsor”	Mason Global Capital Limited, a corporation licensed by the SFC to conduct Type 6 (advising on corporate finance) regulated activity under the SFO
“Memorandum” or “Memorandum of Association”	the amended and restated memorandum of association of our Company, conditionally adopted on 14 October 2019 which will become effective upon Listing and as amended from time to time, a summary of which is set out in Appendix III to this prospectus

DEFINITIONS

“Morgan Stanley”	Morgan Stanley, a corporation incorporated under the laws of Delaware, U.S. on 1 October 1981 and listed on the New York Stock Exchange (stock code: MS)
“MSPEA IV L.L.C.”	Morgan Stanley Private Equity Asia IV, L.L.C., a limited liability company incorporated under the laws of Delaware, U.S. on 16 February 2012 and an indirect subsidiary of Morgan Stanley
“MS Acquisition”	the acquisition of the entire stake of Home Control Singapore by our Company from Philips in April 2015
“NHPEA”	NHPEA IV Home Control Netherlands B.V., a company incorporated in the Netherlands on 22 December 2014 with limited liability and a wholly-owned subsidiary of NHPEA Holdings
“NHPEA Cayman”	North Haven Private Equity Asia IV Holdings Limited, a company incorporated in the Cayman Islands on 12 October 2012 as an exempted company with limited liability, a wholly-owned subsidiary of NHPEA L.P.
“NHPEA Holdings”	NHPEA IV Holdings Cooperatief U.A., a cooperative incorporated under the laws of the Netherlands on 13 November 2012 with limited liability, a wholly-owned subsidiary of NHPEA Cayman
“NHPEA L.P.”	North Haven Private Equity Asia IV, L.P., an exempted limited liability partnership organised under the laws of the Cayman Islands on 23 February 2012, the general partner of which is MSPEA IV L.L.C.
“Offer Price”	the final Hong Kong dollar price per Offer Share (exclusive of brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%) at which the Hong Kong Offer Shares are to be subscribed under the Hong Kong Public Offering and the International Offer Shares are to be offered under the International Offering, to be determined in the manner further described in “Structure of the Global Offering — Pricing and Allocation” in this prospectus
“Offer Shares”	the Hong Kong Offer Shares and the International Offer Shares, including the additional Shares that might be issued or sold under any exercise of the Over-allotment Option

DEFINITIONS

“Omni Brazil”	Omni Remotes do Brasil Ltda, a company incorporated under the laws of Brazil with limited liability on 20 June 2016, which is 99% owned by Home Control Singapore and 1% owned by Mr. Alain Perrot, our chief executive officer and executive Director
“Orange”	Orange Polska S.A., a company based in Poland and listed on the Warsaw Stock Exchange. Together with its subsidiaries, it provides telecommunications services in Poland, including access to the Internet and TV
“Over-allotment Option”	the option expected to be granted by our Company and the Selling Shareholder to the Sole Global Coordinator, pursuant to which our Company may be required to issue up to 13,125,000 additional new Shares and the Selling Shareholder to sell up to 5,625,000 additional Shares, in aggregate of 18,750,000 Shares, representing 15% of the Offer Shares initially being offered under the Global Offering, to cover over-allocations in the International Offering, if any, details of which are described in “Structure of the Global Offering” in this prospectus
“Philips”	Koninklijke Philips N.V., one of the largest electronics companies in the world, incorporated under the laws of the Netherlands and headquartered in Amsterdam
“PRC Legal Advisers”	Haiwen & Partners, a qualified PRC law firm and the legal advisers to our Company as to PRC laws
“Premium Home Control Solutions”	Premium Home Control Solutions LLC, a limited liability company incorporated in Delaware, U.S. on 12 March 2015, an indirect wholly-owned subsidiary of our Company
“Price Determination Agreement”	the agreement expected to be entered into by the Sole Global Coordinator (for itself and on behalf of the Underwriters) and our Company (on behalf of ourselves and the Selling Shareholder) on or before the Price Determination Date to record and fix the final Offer Price

DEFINITIONS

“Price Determination Date”	the date on which the Offer Price is to be fixed by the Sole Global Coordinator (for itself on behalf of the Underwriters) and us (on behalf of ourselves and the Selling Shareholder), which is expected to be on or around Wednesday, 6 November 2019 and in any event not later than Tuesday, 12 November 2019
“Principal Share Registrar and Transfer Office”	Sertus Incorporations (Cayman) Limited
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“R\$”	Brazilian Reais
“SAFE”	the State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
“Sale Shares”	a total of 37,500,000 Shares to be offered for sale by NHPEA as part of the Global Offering and up to 5,625,000 Shares which may be offered for sale by the Selling Shareholder pursuant to the exercise of the Over-allotment Option
“SAT”	the State Administration of Taxation of the PRC (中華人民共和國國家稅務總局)
“Selling Shareholder”	NHPEA, one of our Controlling Shareholders, who has offered to sell the Sale Shares in the Global Offering
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) with nominal value of US\$0.01 each in the share capital of our Company
“Shareholder(s)”	holder(s) of the Shares
“SkyUK”	Sky CP Limited, a direct-to-consumer media and entertainment company which is based in the U.K. and is one of our five largest customers during the Track Record Period. It is principally engaged in the provision of media content to household customers

DEFINITIONS

“Sole Global Coordinator”	Mason Securities Limited, a corporation licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO
“sq. ft.”	square foot (feet)
“sq. m.”	square meter(s)
“Stabilising Manager”	Mason Securities Limited
“Stock Borrowing Agreement”	the stock borrowing agreement which is expected to be entered into on or about the Price Determination Date between the Stabilising Manager (or its affiliates acting on its behalf) and our Selling Shareholder, pursuant to which our Selling Shareholder will agree to lend up to 18,750,000 Shares to the Stabilising Manager on terms set out therein
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning given to it under the Listing Rules
“substantial shareholder(s)”	has the meaning given to it under the Listing Rules
“S\$”	Singaporean dollars, the lawful currency of Singapore
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers issued by the SFC as amended, supplemented or otherwise modified from time to time
“Track Record Period”	the period comprising the three financial years ended 31 December 2016, 2017 and 2018, and the four months ended 30 April 2019
“trading day”	a day on which trading of the Shares takes place on the Stock Exchange
“U.S. dollars” or “US\$”	United States dollars, the lawful currency of the United States
“U.S. Securities Act”	the United States Securities Act of 1933, as amended
“Underwriters”	together, the Hong Kong Underwriters and the International Underwriters
“Underwriting Agreements”	the Hong Kong Underwriting Agreement and the International Underwriting Agreement

DEFINITIONS

“United Kingdom” or “U.K.”	the United Kingdom, its territories and possessions, and all areas subject to its jurisdiction
“United States” or “U.S.”	the United States of America, its territories and possessions, and all areas subject to its jurisdiction
“Vodafone”	Vodafone Group Services Limited, a company based in the U.K. and is principally engaged in the provision of telecommunication services
“WFOE”	wholly foreign owned enterprise
“WHITE Application Form(s)”	the application form(s) to be completed by the public who requires such Hong Kong Offer Shares to be issued in the applicants’ own name
“Xiaomi”	Beijing Xiaomi Electronic Products Co. Ltd. (北京小米電子產品有限公司), a company based in the PRC and is one of our five largest customers during the Track Record Period. Its parent company is one of the leading OTT platform and smart device providers based in the PRC and is listed on the Stock Exchange
“YELLOW Application Form(s)”	the application form(s) to be completed by the public who require(s) such Hong Kong Offer Shares to be deposited directly into CCASS
“%”	per cent

The terms “associate”, “close associate”, “connected person”, “connected transaction”, “controlling shareholder”, “core connected person”, “significant shareholder”, “subsidiary” and “substantial shareholder” have the meanings given to such terms under the Listing Rules, unless the context otherwise requires.

This prospectus contains explanations and definitions of certain terms used in connection with our Group’s business. The terms and their meanings used in this prospectus may not correspond to standard industry meaning or usage of these terms. As there is no official industry classification, the classification of our products is determined based on our Directors’ knowledge and experience. Unless otherwise expressly stated or the context otherwise requires, all data in this prospectus is as at the Latest Practicable Date.

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments. Accordingly, figures shown in totals in certain tables may not be the arithmetic aggregation of the figures preceding them.

If there is any inconsistency between the English names and their Chinese translations, the English names should prevail. The Chinese translation of the names in English or another language which are marked with “*” are translations provided for identification purpose only.

GLOSSARY

This glossary contains explanations of certain terms used in this prospectus that relate to our business and the industry in which we operate. These terms and their meanings may not always correspond to standard industry meaning or usage of these terms.

“automatic setup algorithm”	software that detects what devices are linked or connected with each other, and thereafter programs the remote control to control these devices
“home control solutions”	comprise remote control solutions for STBs of MSOs, OTT boxes and home security and automation solutions
“IC”	integrated circuit, an electronic circuit where all the elements of the circuit are integrated together on a single semiconductor chip
“IoT”	internet of things, the network of physical devices with information-sensing capabilities such as two-dimensional code reading, radio frequency identification, infrared sensors, global positioning systems and laser scanners to realise intelligent identification, positioning, tracking, monitoring and management
“IR”	infrared light, being the signal between a remote control handset and the device it controls
“ISO”	an acronym for a series of quality management and quality assurance standards published by International Organisation for Standardisation, a non-government organisation based in Geneva, Switzerland, for assessing the quality systems of business organisations
“ISO 14001”	ISO 14001 is an internationally recognised standard for the environmental management of businesses. It aims at recognising the desirable behaviour of businesses concerning the environment. It prescribes controls for an encompassing range of corporate activities which include the use of natural resources, handling and treatment of waste and energy consumption

GLOSSARY

“ISO 9001”	ISO 9001 is an internationally recognised standard for a quality management system. It aims at the effectiveness of the quality management system in meeting customer requirements. It prescribes requirements for ongoing improvement of quality assurance in design, development, production, installation and servicing
“MSO”	multi-service operator or multiple system operator refers to an operator of multiple cable or direct broadcast satellite television systems, such as satellite and cable companies
“ODM”	original design manufacturer(s)
“OEM”	original equipment manufacturer(s)
“OHSAS 18001”	OHSAS 18001 is a British standard for occupational health and safety management systems. Compliance with this standard enables organisations to demonstrate that they have a system in place for occupational health and safety
“OTT”	over-the-top content refers to an audio, video, and other media content delivered over the internet without the involvement of a MSO in the control or distribution of the content, such as internet TV and video streaming service providers
“PCB”	printed circuit board
“PWB”	printed wiring board, used to mechanically support and electrically connect electronic components using conductive pathways, tracks or signal traces etches from copper sheets laminated onto a non-conductive substrate
“RF”	radio frequency
“R&D”	an acronym for research and development
“STB” or “set-top box”	an appliance device that is connected to a television and some external broadcasted signal source, such as satellite television and over-the-air television systems, that allows a digital signal to be received, decoded and displayed on the above systems

GLOSSARY

“TV”

television

“UI”

user interface

“YA”

year of assessment, the year in which income tax is calculated and charged

FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements that are based on various assumptions regarding our Group's present and future business strategy and the environment in which our Group will operate in the future and are, by their nature, subject to significant risks and uncertainties. These forward-looking statements include, without limitation, statements relating to:

- our business and operating strategies and our various measures and initiatives to implement them;
- our future business development and various business opportunities that we may pursue;
- fluctuations in general business conditions globally, particularly in Singapore, U.S. and the PRC;
- changes in competitive conditions and our ability to compete under these conditions;
- changes in the political, economic, legal and social conditions globally, particularly in Singapore, U.S. and the PRC;
- costs of bank loans and other forms of financing, and our ability to secure adequate financing for our business operations;
- our financial conditions;
- our ability to enter into new geographic markets and expand our operations;
- our ability to obtain permits and licences to carry on our business;
- changes in foreign exchange rates;
- the other factors referenced in this prospectus, including without limitation, in "Risk Factors", "Business" and "Financial Information"; and
- other factors beyond our control.

The words "anticipate", "believe", "could", "expect", "going forward", "intend", "may", "plan", "seek", "will", "would" and similar expressions, as they relate to us, in particular, "Business" and "Financial Information", are intended to identify a number of these forward-looking statements. These statements are based on numerous assumptions regarding our present and future business strategy and the environment in which we will operate in the future. They reflect the current views of our management with respect to future events and are subject to certain risks, uncertainties and assumptions, including the risk factors described in this prospectus. Subject to the requirements of applicable laws, rules and regulations, we do not have any obligation to update or otherwise revise the forward-looking statements in this prospectus, whether as a result of new information, future events or otherwise. Hence, should one or more of these risks or uncertainties materialise, or should underlying assumptions prove

FORWARD-LOOKING STATEMENTS

to be incorrect, our financial condition may be adversely affected and may vary materially from those described herein as anticipated, believed, or expected. Accordingly, such statements are not a guarantee of future performance and you should not place undue reliance on such forward-looking information. All forward-looking statements contained in this prospectus are qualified by reference to the cautionary statements set out in this section.

In this prospectus, statements of or references to our intentions or those of any of our Directors are made as of the date of this prospectus. Any such intentions may change in light of future developments.

RISK FACTORS

An investment in our Shares involves risks. You should carefully consider the following information, together with the other information contained in this prospectus, including our consolidated financial statements and related notes, before you decide to purchase our Shares. If any of the circumstances or events described below actually arises or occurs, our business, financial position and prospects may suffer. In any such case, the market price of our Shares may decline, and you may lose all or part of your investment. This prospectus also contains forward-looking information that involves risks and uncertainties. Our actual results could differ materially from those anticipated in the forward-looking statements as a result of many factors, including the risks described below and elsewhere in this prospectus.

RISKS RELATING TO OUR BUSINESS

Our world-wide business presence exposes us to various legal, economic and political risks of different geographical markets

Our products are shipped to customers throughout the world, with a majority of them (in terms of revenue) situated in North America and Europe. As at the Latest Practicable Date, in addition to our headquarters in Singapore, we also had established six sales or liaison offices in different countries. Further, we outsource the product assembly works to manufacturing partners situated in the PRC and Cambodia. As such, our operations are subject to various legal, political and economic risks in different geographical markets which, if materialised, could have a material and adverse impact on our business. Such risks include:

- the imposition of trade barriers, such as import and export requirements, taxes, tariffs, such as those imposed on certain of our products produced in the PRC and exported to the U.S. under the Sino-U.S. trade conflicts in recent time, as well as other restrictions and expenses, which may increase the prices of our products, weaken the demand and reduce the competitiveness of our products in some countries;
- global political and economic instability, including wars, terrorism, political unrest, economic downturn, boycotts, curtailment of trade and other business restrictions. The continuation or worsening of economic downturns in countries and regions to which our products are sold such as North America and Europe, may adversely affect the market sentiments and financial conditions of the enterprises in those countries and regions, and hence, the demand for our products, the collection of trade receivables and expected cash flow generation;
- fluctuations in exchange rates;
- impact of any change in the domestic commercial and legal requirements applicable to our operations or products and potentially negative consequences from any change in domestic tax laws;
- difficulties and costs associated with complying a wide variety of domestic and international laws applicable to our operations;

RISK FACTORS

- our inability to obtain, maintain or enforce intellectual property rights in the overseas countries to which our products are exported; and
- natural disasters.

The materialisation of the above risks and uncertainties could lead to reduced sales in the relevant geographical market(s), jeopardise or limit our ability to transact business in one or more of the markets where we operate or in developing a new market, and hence reduce our overall profitability. If we are unable to effectively manage these risks, our ability to conduct or expand our business could be impaired, which would, in turn, could have a material and adverse effect on our business, financial position and prospects.

Any termination, interruption or modification of our business relationship with any of our major customers, whether due to underperformance of our major customers or any other reason, may materially and adversely affect our sales and profitability

Our products are normally sold to MSO, TV and OTT device brands, or their suppliers. They sell or ship their products such as STBs or OTT boxes together with our products to the end-users. Therefore, sales to our customers could be affected by the respective customers' business and financial performance, which could vary according to their respective financial conditions, market demand for their products, the development of MSO and OTT markets, the number of subscribers of TV broadcasting and streaming services, market supply of similar products, technological advancement which may lead to the introduction of new product generation, level of competition in their target markets, industry development and overall economic climate, which are beyond our control.

During the Track Record Period, a majority proportion of our revenue was generated from our five largest customers, which contributed, in aggregate, 52.2%, 55.8%, 54.3% and 58.4%, respectively, of our total revenue for FY2016, FY2017, FY2018 and 4M2019. Therefore, our success depends on our ability to secure purchase orders from these major customers as well as orders from any new customer. We enter into framework agreements with many of our major customers which, from time to time, directly or through their supplier, issue purchase orders with us in accordance with their rolling forecasts (which are generally non-legally binding) provided to us. The framework agreements are open term contracts, which, in most cases, can be terminated by either party thereto serving one month to 12 months' notice on the other party in the absence of default.

We cannot assure you that our major customers will not terminate the framework agreement, or will continue to place purchase orders with us at the same level or on similar terms which they have historically done so, or will not reduce the level of purchase due to end of product lifecycle, or that such customers will not engage our competitors for the supply of the same or similar products in the future.

If, for any reason, our major customers underperform, or our business relationship with any of them are terminated, interrupted, modified in any way adverse to us or they significantly reduce the level of purchase with us, we may not be able to identify a suitable customer in a timely manner or at all, and our business, financial position or prospects will be materially and adversely affected.

RISK FACTORS

For other customers who do not enter into framework agreement with us, we sell products to them as per order basis. Hence, the volume of purchase orders that we receive from our customers and hence their contribution to our revenue may vary from time to time.

We may fail to anticipate technology innovation and successfully develop and market new products on time, or at all, which would materially and adversely affect our business, financial position and prospects

Remote controls are subject to rapid technological changes. Nevertheless, as a leader in home control solution industry, we seek to continuously develop and innovate new products with heightened performance and enhanced features such as voice, touch and gesture touch control, in order to increase user engagement and cope with the latest technology so that our products remain appealing to the end-users and relevant to their preference. We are also spending R&D efforts in expanding the applications of our expertise in connectivity, software and hardware integration and remote control into other segments, such as smart home security. Our R&D capability is vital to maintaining our leading position in the industry. See “Business — Product Development” in this prospectus for details.

Our capability to introduce new technologies or new products or features depends on a number of factors, including our ability to anticipate technology innovation, market and industry trend and timely and successfully launch products that are demanded by the market. Further, the R&D process of new technologies and products is time-consuming and costly, and the result is unpredictable. We may experience delays in completing our R&D milestones and hence our new product launch. Accordingly, we cannot assure you that our R&D efforts will result in the introduction of new technologies or new products or features or that they will be completed on time or generate expected benefits. If we fail to introduce new products or new technologies that meet market demand, we may be unable to compete effectively. If any of these failures occurs, our business, financial position and prospects would be materially and adversely affected.

Any material increase in the prices of components or loss of major suppliers may materially and adversely affect our business and financial position

We procure components for our manufacturing partners to undertake the assembly process required by us. Our profitability depends on the price and availability of such major components.

The prices of components are affected by a number of external factors beyond our control, such as global demand and supply, commodity price fluctuations, currency fluctuations, general economic condition, and change in government regulations. Any significant increase in the prices of components may have a direct negative impact on our gross margins and may also lead to component shortages. We cannot assure you that we will be able to accurately anticipate and react to the changes in prices of our components, or that we will be able to pass on the increased purchase cost of components to our customers. If we fail to manage our component costs

RISK FACTORS

effectively, our business and financial position may be materially and adversely affected. For further details, see “Financial Information — Key Factors Affecting our Results of Operation — Availability and cost of components” in this prospectus.

In addition, we rely, to a certain extent, on our major suppliers for the supply of key components and assembly services required. Our suppliers comprise suppliers of components and manufacturing partners providing assembly services. During the Track Record Period, our five largest suppliers accounted for 46.8%, 44.4%, 37.3% and 42.7% of our total purchase, respectively, and purchases from our largest supplier accounted for 15.1%, 12.0%, 11.3% and 15.0%, of our total purchase, respectively.

It is our practice not to enter into long-term supply agreements with our suppliers, which we believe is in line with industry norm and in our commercial interest to maintain flexibility in the source of supply and assembly services. We cannot assure you that our suppliers will continue the business relationship with us and supply components or assembly services to us on commercially acceptable terms and at favourable or similar prices, in a timely manner. If our business relationships with one or more major suppliers are terminated, we cannot assure you that we will be able to secure alternative sources for components or assembly services with a comparable quality, or at similar price in a timely manner. Our business operations may be significantly interrupted and our business and financial position may be materially and adversely affected.

An impairment of goodwill would adversely affect our financial condition and results of operations

We have previously recognised significant goodwill on our balance sheet through the MS Acquisition. As at 30 April 2019, our goodwill amounted to US\$8.9 million. Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of our Group’s previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed and, in accordance with IFRS, is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Impairment may result from, among other things, deterioration in our performance, a decline in expected future cash flows, adverse market conditions, adverse changes in applicable laws and regulations and a variety of other factors. The amount of any impairment must be expensed immediately as a charge to our income statement.

The process of evaluating the potential impairment of goodwill is subjective and requires significant judgment at many points during the analysis. In evaluating the potential for impairment, we make assumptions and estimates regarding revenue projections, growth rates, cash flows and foreign exchange rates, which are uncertain and by their nature may vary from actual results and are based on factors that are beyond our control. Any impairment of goodwill will not be subsequently reversed. If we meet unexpected difficulties or if our business does not develop as expected, impairment charges may be incurred in the future that could be significant and that could have an adverse effect on our financial position.

RISK FACTORS

The non-performance, sub-standard and delayed performance of our suppliers, may disrupt our business operation which may materially and adversely affect our business, financial position and reputation

During the Track Record Period, we purchased components from our suppliers and engaged manufacturing partners for the assembly work of our products. We depend on our suppliers and manufacturing partners to deliver components and products that comply with our product specifications at competitive costs and in a timely manner in order for us to meet our delivery commitments to our customers. We cannot assure you that we are able to monitor or manage their performance as directly and effectively as our staff members and that the services rendered will be completed in a timely manner or of satisfactory quality. If we fail to manage or monitor our suppliers effectively, their failure to operate or meet the terms of our purchase orders such as delivery schedule, quality, quantity and specifications may have a negative impact on our reliability and contractual performance with our customers, and may expose us to product returns, product liability claims or regulatory enforcement actions which, in turn, may materially and adversely affect our business, financial position and reputation.

We cannot assure you that we will be able to identify alternative suppliers at acceptable prices, with the required production or processing quality and in a timely manner. If we fail to manage our relationships with our suppliers such that any of them fails to provide assembly services to us and we are unable to identify replacement suppliers on similar or more favourable terms to us in a timely manner, it may result in delays in production and our delivery schedule. Our business and financial position may be materially and adversely affected.

In addition, if any of our suppliers are in breach of any local laws, rules or regulations in relation to licensing, labour, environmental, health and safety matters, it may expose our Group as liable to prosecutions by relevant authorities of the relevant jurisdiction and may become liable to claims for losses and damages. In the event of any actual violation, our business, financial position and reputation may be materially and adversely affected.

We benefit from other income and gains, which are non-recurring in nature, and the loss of or a reduction of which could adversely impact our profits

During the Track Record Period, we received other income and gains amounting to US\$3.7 million, US\$0.9 million, US\$0.5 million and US\$46,000 for FY2016, FY2017, FY2018 and 4M2019, respectively. Our other income and gains mainly consist of compensation income, government grants and foreign exchange gains. See “Financial Information — Description of Selected Items in Consolidated Statements of Profit or Loss and Other Comprehensive Income — Other income and gains” in this prospectus for details. Compensation income of US\$3.1 million for FY2016 related to one-off post completion payment from the previous owner of Home Control Singapore pursuant to the contractual terms of the MS Acquisition, which was non-recurring. Government grants mainly represented incentives received from local governments of the PRC for the purpose of award for business development of service outsourcing. We cannot assure you that we will continue to have the same or similar income from government grants as the relevant government policies may change over time. Any loss of or reduction in government grants could have an adverse effect on our financial position.

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Changes in worldwide economic and geopolitical conditions could adversely affect our financial position prospects

During the Track Record Period, we shipped products assembled in the PRC and Cambodia to various jurisdictions, such as North America and Europe.

In recent times, U.S. and the PRC governments have been involved in a tariff battle. Certain of our products exported from the PRC to U.S. are subject to the additional tariff imposed by U.S. government with the rate of 25% from 23 August 2018 onwards. Although we have taken measures in light of the potential impact of the intensifying Sino-U.S. trade conflicts on our business as set out in “Business — Our Customers — Recent intensification of Sino-U.S. trade conflicts”, any additional trade restrictions such as tariffs or quota fees imposed on our products could significantly increase the prices of our products in such countries, thereby reducing their demand and price-competitiveness in these markets. If we were not able to pass on such additional costs to our customers, or identify new customers, or if our mitigating measures are not effective, our business, financial position and prospects could be adversely affected. We cannot accurately predict whether and when any tariffs or quota fees will be imposed in the future and we cannot assure you that future international trade regulations, quotas, tariffs and duties will not increase our costs nor provide our competitors with an advantage over us. Accordingly, the occurrence of any of the above may have a material adverse effect on our business, financial position and prospects.

We are subject to product liability risks that could damage our reputation and any significant product liability claim could have a material and adverse effect on our financial conditions

We face an inherent risk of exposure to product liability claims as substantially all of the products we offer are subject to prescribed technical specifications. In addition, our products are a fundamental component to interact with the STBs and OTT devices. We cannot assure you that our products will be free from defects and we may be subject to product liability claims for compensation from time to time. We cannot assure you that our contracts with suppliers, manufacturing partners or customers will contain sufficient provisions such that we could be completely and adequately indemnified by third-party suppliers and/or manufacturing partners nor claim against them for any loss so incurred. Although we have purchased extensive product liability insurance coverage based on industry best practice, if our product liability insurance coverage is insufficient to cover our liabilities, we may have to incur a significant amount of resources and legal costs to defend ourselves when legal proceedings are brought against us.

While during the Track Record Period we were not aware of any material complaint or claim against us for losses or injuries due to defective products, we cannot assure you that we will not receive any complaint or claim against us in the future. Any product failure could result in damages to our reputations, loss of future business and may have a material and adverse effect on our business, financial position and reputation.

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We may experience fluctuations in cashflow from operating activities from period to period, which may expose us to liquidity risk

Our net cash from/(used in) operating activities were US\$10.7 million, US\$11.8 million, US\$13.6 million, US\$(5.4) million and US\$86,000, respectively, for FY2016, FY2017, FY2018, 4M2018 and 4M2019. For 4M2019, we recorded a cash inflow from operating activities of US\$86,000 primarily because we recorded a loss before tax of US\$0.2 million adjusted by reconciliation of non-cash items of US\$4.0 million and negative changes in working capital of US\$3.8 million which included the decrease in trade payables of US\$4.5 million. In addition, as our obligation to pay our suppliers for components may not be in the same financial year/period as we enter into the sales contracts, we may experience fluctuations in our cash flows from operating activities from period to period. The fluctuations in our cash flow from operating activities may expose us to liquidity risks and may adversely affect our financial position.

We are exposed to the credit risk of our customer. Any default or delay in the settlement of payment obligations by our customer may adversely affect our cash flow position

The credit period granted by our Group to our major customers during the Track Record Period generally ranged from 30 days to 90 days. During the Track Record Period, our trade receivables amounted to US\$25.0 million, US\$30.4 million, US\$34.4 million and US\$34.3 million, respectively. During the same periods, our average trade receivables turnover days were 73 days, 67 days, 68 days and 73 days, respectively. We generally issue invoices to our customers for payments after delivery of the products. For FY2016, FY2017, FY2018 and 4M2019, we recognised impairment loss of US\$0.3 million, US\$92,000, US\$79,000 and nil, respectively.

We cannot assure you that we will be able to collect or recover our trade receivables fully from our customers or that our customers will settle their payment obligations on time, or at all. Any default or delay in payment by our customers or our failure to collect trade receivables from them may cause provisions for trade receivables to be made in the future, and may adversely affect our cash flow position.

Our key managerial and technical personnel are critical to the success of our business and losing their services could adversely affect our business

Our success depends, to a significant extent, on the efforts and abilities of our executive Directors and other senior management and technical staff, as set out in “Directors and Senior Management” in this prospectus, for our future growth and success as they have contributed their in-depth industry experience and technical knowledge to us. Mr. Alain Perrot, our Chief Executive Officer and executive Director, Mr. Jean Paul L. Abrams, our head of sales and Mr. Siu Kwok Hoong, our head of marketing and innovation, have more than 29 years, 32 years and 19 years of experience in the industry, respectively. Specifically, Mr. Alain Perrot has substantial experience in various subsectors of the consumer electronics business and has been instrumental in the formulation and execution of our business and expansion strategies. His forward-looking growth strategies and management concepts are essential to our rapid growth in recent years.

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We believe that our Directors and members of our senior management team are critical in developing and maintaining relationships with many of our key customers. In addition, our business operation, to a certain extent, relies on the availability of talented technicians such as engineers and R&D staff to help provide technical solutions and innovate our products. We also need an experienced sales team to maintain business relationship with our major customers and explore new business opportunities. Competition for qualified personnel is intense in our industry and is expected to remain so in the foreseeable future. If we lose the services of our key managerial and technical personnel or fail to attract and retain additional qualified personnel, this could significantly limit or harm our operations or cause disruptions to our business development and growth.

If we lose existing experienced personnel or we are unable to hire new experienced personnel for our operations at acceptable cost, or at all, our business and competitiveness could be seriously harmed.

We may not have adequate insurance coverage to cover potential liabilities or losses

As at the Latest Practicable Date, we, based on industry best practice, maintained general liability insurance, property insurance for our assets, insurance policies with coverage against, amongst others, work injury and crime, marine insurance, directors' and officers' liability insurance, employees' compensation insurance, and life and/or medical insurance for our employees. We also maintain social security insurance policies for our employees in the PRC. However, there may be circumstances for which we would not be covered adequately, by the insurance policies. We cannot assure you that we will be able to maintain sufficient insurance coverage to cover our potential liabilities at economically favourable premiums. If we incur substantial losses or liabilities which our insurance coverage is unable or inadequate to cover, our business and financial position may be adversely affected.

We are subject to risks associated with the transportation of our products to our customers

During the Track Record Period, a majority of our products were shipped to customers situated in North America and Europe. Depending on shipping terms, we may be responsible for engaging third party freight forwarding companies and logistics services providers to deliver the products to our customers overseas and responsible for the costs and risks associated with the transportation. We cannot assure you that the freight forwarding companies and logistics services providers will always deliver the products safely to our customers in accordance with our requested timetable. Unforeseen events that are beyond our control, such as labour strikes, poor weather conditions, natural disasters, and poor handling and damage to our products, may arise. This may significantly delay or interrupt the delivery of our products or otherwise cause us to sustain cost of replacement of damaged products. In addition, we may have to pay increased freight forwarding or transportation charges which we may not be able to pass on to our customers, thereby adversely affecting our profitability.

We are exposed to inventory management risks which may adversely impact our cash flow and liquidity

Our inventory balance was US\$17.9 million, US\$27.9 million, US\$21.1 million and US\$18.3 million as at 31 December 2016, 2017 and 2018 and 30 April 2019, respectively, accounting for 24.7%, 32.7%, 22.7% and 20.6% of our total assets as at the same dates. For FY2016, FY2017, FY2018 and 4M2019, our inventory turnover days were 60 days, 72 days, 64 days and 51 days, respectively. Inventories mainly consist of components and finished goods.

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We purchase components based on the rolling forecasts (which are generally non-legally binding) provided by our customers, our assessment on the market condition, and our inventory status. Occasionally, to ensure adequate inventory supply, we may purchase components from our suppliers prior to receiving purchase orders from our customers in case a longer lead time is required to purchase the relevant components. As forecasts and budgets are subject to uncertainties, we cannot assure you that our projections of the customers' demand and prices of components are accurate. If we fail to accurately forecast demand or prices, we may experience excess or shortage in inventory levels. High inventory levels may also require us to commit substantial capital resources, preventing us from utilising that capital for other business developments. Any of the above may adversely affect our business and financial position.

Any misconduct of our external sales consultants may adversely harm our business reputation

During the Track Record Period, we have external sales consultants located in the U.S., Mexico, Canada, Poland, Germany and Brazil who were responsible for promoting and marketing our products. As they are not our employees, we may not have the same degree of control over their conduct as we have over our employees. We may also not be able to effectively prevent, detect or deter all instances of misconduct of these external sales consultants. Any misconduct committed by them against our interests may have an adverse effect on our business and reputation.

We may not be able to prevent others from unauthorised use of our intellectual property, which could harm our business and reputation

We rely on a combination of patents, trademark and copyright laws as well as non-disclosure agreements and other methods to protect our intellectual property rights, in particular, the proprietary right on our IR databases. As at the Latest Practicable Date, we had over 200 invention patents (including granted patents and patents under examination) in different jurisdictions such as the European Union, the PRC, the U.S. and Japan which are material to our business. See "Statutory and General Information — B. Further Information about Our Business — 2. Intellectual property rights of our Group" in Appendix IV to this prospectus for further details of our intellectual property rights.

It could be difficult and expensive to guard against unauthorised use of intellectual property. Although our non-disclosure agreements provide that all confidential information developed by or made known to the individual during the individual's relationship with us is to be kept confidential, these agreements may not be honoured and may not provide adequate remedies to us in case of breach. We cannot assure you that the measures we currently adopt are sufficient in preventing misappropriation or any unauthorised use of our intellectual property by third parties. Further, we may have to enforce our intellectual property rights through litigation. The validity, enforceability and scope of protection of intellectual property rights could be uncertain, and such potential litigation may result in substantial costs, loss of time and diversion of resources and management attention. Our inability to prevent others from unauthorised use of our intellectual property could harm our business, reputation and competitive positions, and may have a material and adverse effect on our business and financial position.

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We may be exposed to infringement or misappropriation claims by third parties, which, if determined adversely to us, could cause us to pay significant damage awards

Our success depends largely on our ability to use and develop our technology and know-how without infringing the intellectual property rights of third parties. The validity and scope of claims relating to the design and other technologies for our products involve complex scientific, legal and factual questions and analysis and may be highly uncertain.

Our competitors may bring intellectual property infringement claims against us for the purposes of gaining competitive advantages over us. The defence and prosecution of intellectual property suits, patent opposition proceedings and related legal and administrative proceedings can be both costly and time-consuming and may significantly divert the effort and resources of our technical and management personnel. If any claim is adversely determined against us in any of such potential litigation or proceedings, we could be subject to significant liabilities to third parties. As a result, we may be required to seek licenses from third parties, pay ongoing royalties and also redesign our products. We could further be subject to injunctions prohibiting the manufacture and sale of our products or the use of the disputed technologies. Protracted litigation could also result in our existing or potential customers deferring or limiting their purchase or use of our products until resolution of such litigation. Any of the above may result in the loss of competitive advantage and harm our reputation, which may have a material and adverse effect on our business and financial position.

We are subject to risks associated with foreign exchange rate fluctuations

During the Track Record Period, our sales are mainly denominated in U.S. dollars while our purchases are mainly denominated in U.S. dollars or RMB (only in the case of our sales and purchases in the PRC). In addition, we have our headquarters in Singapore and operating subsidiaries in the U.S., Belgium, the PRC, and Brazil, of which overheads are settled in local currencies and therefore expose us to foreign exchange risks. Fluctuations in foreign exchange rates may be caused by various factors such as change in government policies, change in domestic and international economic and political conditions, and is always unpredictable. We cannot assure you that we will not suffer losses on foreign exchanges in the future.

As at the Latest Practicable Date, our Group had not entered into any agreements to hedge its exchange rate exposure. We cannot assure you that we will be able to manage and reduce our exchange rate fluctuation risk at reasonable costs, or at all. Changes in the foreign exchange rates between our functional currencies and reporting currency may have an adverse impact on our finance costs, sales and product margins, and may reduce the value of, and dividends payable on, our Shares. Our business and financial position may be materially and adversely affected.

We may not be able to successfully implement our business strategies and deliver expected results

We plan to implement various expansion strategies as more particularly disclosed in “Business — Our Business Strategies” and “Future Plans and Use of Proceeds” in this prospectus. Such strategies include, among others, expanding our sales and market shares especially in the OTT segment, extending our offering by providing integrated smart home

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security solutions, extending our product lines and providing strategic investment or acquisition, enlarging our professional sales force, and extending our supply chain footprint beyond the PRC. The successful implementation of our business strategies and future plans involve significant risks and uncertainties, including, among others, inability to implement and execute future plans in a timely and cost-effective manner, cost overruns, failure to achieve the anticipated benefits and inability to adapt to changing market and technological trends.

We may also make other acquisitions or equity investments in the future if suitable opportunities arise. Acquisitions or significant equity investments involve a variety of risks and uncertainties, including, among others:

- potential ongoing financial obligations and unforeseen or hidden liabilities;
- failure to achieve the intended objective or benefits;
- costs and difficulties of managing the expanded operations; and
- diversion of resources and management attention.

We cannot assure you that we will be able to successfully implement our business strategies or future plans, or such strategies or plans will result in increase in revenue or profits as expected. If we fail to address the foregoing risks and uncertainties associated with our future acquisitions, our expansion plans, equity investments and our ability to capitalise on new business opportunities may be adversely affected, which may in turn materially and adversely affect our business and financial position.

Our financial performance during the Track Record Period is not indicative of our future financial performance

We recorded an increase in revenue from US\$136.1 million for FY2016 to US\$173.9 million for FY2018 and an increase in adjusted EBITDA from US\$10.2 million for FY2016 to US\$14.0 million for FY2018. For adjusted EBITDA calculation, see “Financial Information — Non-IFRS measures: adjusted net profit and adjusted EBITDA”. Our financial results are not indicative of our future financial performance. Our growth depends on a number of factors, including but not limited to the market trend and demand of our products, our business relationship with our customers, the implementation of our business strategies, the competitive landscape of the industry where we operate as well as the global economic conditions. Historical figures or past results should not be relied on as indicators of our future performance. We cannot assure you that our growth will continue in the near future. You should not rely on our historical results to predict the future performance of our Shares.

RISKS RELATING TO OUR INDUSTRY

We operate in a highly competitive industry and will continue to face challenges from existing or new competitors

We operate in a highly competitive industry, and our market position largely depends on our ability to compete with other home control solution providers in the market. Competition

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may affect our sales and the price of our products, which will, in turn, affect the profitability of our business. According to the F&S Report, there were more than 200 providers in the home control solution industry in the world in 2018. Although among these market players, we ranked second in terms of revenue with a market share of 9.6% in 2018, if we are not able to maintain the competitiveness of the solutions and products we provide, we may face increasing challenges from existing and new players in our industry around the world.

Competition from existing and new players may exert pressure on the price of our products and cause further deterioration of our profitability. Our success depends on our ability to compete effectively against these competitors in terms of our ability to provide seamless solutions to our customers, product quality, speed of delivery, customer service, pricing, brand recognition, and technical development expertise. We cannot assure you that we will continue to compete successfully in the future, and if we fail to do so, our market share, operating margins and market recognition could be reduced, which may have a material and adverse effect on our business, financial position and prospects.

Any change in demand for TV broadcasting and streaming devices in our target geographical markets or any decline in the subscription in the MSO market may materially and adversely affect our business, financial position and prospects

During the Track Record Period, revenue from our customers which target the MSO market accounted for 96.2%, 85.5%, 72.2% and 69.3%, respectively, of our total revenue. According to Frost & Sullivan, in terms of revenue, there was a decline in market size of the MSO market across the world and in North America from US\$185.6 billion and US\$102.4 billion in 2013 to US\$174.8 billion and US\$88.4 billion in 2018, respectively, due to the decline in the subscription fee as a result of increasing competition and the change in users' preference. We cannot assure you that such decrease in market size of the North America MSO market in terms of revenue can be compensated by an increase of revenue in our other target geographical markets, and our business, financial position or prospectus will be materially and adversely affected in such case.

RISKS RELATING TO CONDUCTING BUSINESS IN DIFFERENT COUNTRIES

We could incur significant costs as a result of compliance with various laws and regulations that govern our operations in different jurisdictions

We have our headquarters in Singapore and operating subsidiaries in the U.S., Belgium, the PRC and Brazil. The laws and regulations in these jurisdictions govern different parts of our operations, such as product safety, workplace safety, employment, transportation and sales. See "Regulatory Overview" in this prospectus for the relevant laws and regulations that are material to our operations in the key geographical markets for further information. Therefore, our operations in these jurisdictions are subject to certain inherent risks, including: (i) exposure to local economic, political and labour conditions; (ii) changes in laws, regulations, trade or monetary or fiscal policy; (iii) difficulty of enforcing agreements, collecting receivables and protecting assets; (iv) limitations on repatriation of earnings, including withholding and other taxes on remittances and other payments by subsidiaries; (v) investment restrictions or requirements; and (vi) violence and civil unrest.

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In addition, given the complexity of and continuous amendments to these laws and regulations, our compliance therewith may involve substantial financial and other resources and may hinder our business expansion. We cannot assure you that any new or changes to the government legislation, regulations and policies will not have an adverse effect on our business and financial performance. Failure to meet any of these laws and regulations might subject ourselves to various penalties, including fines or suspension of our operations, and our business and financial position may be materially and adversely affected.

Moreover, the promulgation or announcement of any new export control regulations, economic sanctions, embargoes or other forms of trade restrictions by the authorities of the jurisdictions in which we carry on our business or to which our products are sold may result in serious economic challenges and substantial reduction in demand for our products in these geographical markets, which could have a material adverse effect on our business, financial position and prospects.

We face complex taxation regimes in various jurisdictions. Audits, investigations, and tax proceedings could have a material adverse effect on our business and financial position

We are subject to income and non-income taxes in numerous jurisdictions. Income tax accounting often involves complex issues, and judgment is required in determining our worldwide provision for income taxes and other tax liabilities. In addition, the application of withholding tax, value added tax, goods and services tax, sales taxes and other non-income taxes is not always clear and we may be subject to tax audits relating to such taxes. We believe that our tax positions are reasonable and our tax reserves are adequate to cover any potential liability. However, tax authorities in certain jurisdictions may disagree with our position, including the tax treatment of corresponding expenses and income. If any of these tax authorities was successful in challenging our positions, we may be liable for additional income tax and penalties and interest related thereto in excess of any reserves established which may have a significant impact on our financial position and future cash flow.

RISKS RELATING TO CONDUCTING BUSINESS IN THE PRC

We are not in full compliance with social insurance and housing provident fund regulations in the PRC

Under PRC laws and regulations, we are required to make social insurance and housing provident funds contributions for the benefit of our employees. During the Track Record Period and up to the Latest Practicable Date, HCS (Suzhou) did not make contributions to the relevant social insurance and housing provident funds for certain employees by itself but delegated such contributions to the social insurance and housing provident funds to third parties. Home Control Suzhou did not employ any employee and therefore did not complete the registration for social insurance fund and housing provident fund. We cannot assure you that we will not be subject to additional contribution, late payment fee, penalties and/or fines imposed by the relevant PRC authorities as a result of such non-compliance incidents or be ordered to rectify such non-compliance incidents. For details of the non-compliance incidents, see “Business — Our Employees” in this prospectus.

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Beginning 1 January 2019, tax authorities are responsible for the collection of social insurance contributions in the PRC. The effect of the change is uncertain. We cannot assure you that the amount of social insurance contributions we would be required to pay will not increase, nor that we would not be required to pay any deemed shortfalls or be subject to any penalties or fines, any of which may have a material and adverse effect on our business and results of operations.

PRC economic, political and social conditions as well as government policies could affect our business

Part of our business and operations are located in the PRC. As a result, our business, financial position and prospects may be affected by the economic, political and social conditions as well as government policies in the PRC.

While the PRC economy has experienced significant growth over the past decade, growth has been uneven, both geographically and among various sectors of the economy. By imposing industrial policies and other economic measures, such as control of foreign exchange, taxation and foreign investment, the PRC government exerts considerable direct and indirect influence on the development of the PRC economy. Many of the economic reforms carried out by the PRC government are unprecedented or experimental and are expected to be refined and improved over time. Other political, economic and social factors may also lead to further adjustments of the reform measures. This refining and adjustment process may materially and adversely impact our business and financial position. Any adverse change in the economic, political and social conditions as well as government policies in the PRC laws, regulations and policies could materially and adversely affect the PRC overall economic growth. We cannot assure you that our historical economic and market conditions in the PRC will continue, or that we will be able to sustain our growth.

Government control of currency conversion could affect our business and limit our ability to utilise our capital effectively and to extract profit from the PRC

An insignificant proportion of our Group's income is derived from dividend payments from our PRC subsidiaries. The PRC government imposes controls on the convertibility of Renminbi into foreign currencies and, in certain cases, the remittance of currency out of the PRC. Shortages in the availability of foreign currency may restrict the ability of our PRC subsidiaries to remit sufficient foreign currency to pay dividends or other payments to us, or otherwise satisfy our foreign currency-denominated obligations.

Under existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments and expenditures from trade-related transactions, can be made in foreign currencies without prior approval from the SAFE by complying with certain procedural requirements. However, approval from the SAFE or its local branch is required where Renminbi is to be converted into foreign currency and remitted out of the PRC to pay capital expenses such as the repayment of loans denominated in foreign currencies. The PRC government may also at its discretion restrict access in the future to foreign currencies for current account transactions.

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Uncertainties with respect to the PRC legal system could have a material adverse effect on us

The PRC legal system is based on written statutes and prior court decisions can only be cited as reference. Legislation or regulations, particularly for local applications, may be enacted without sufficient prior notice or announcement to the public. The PRC legal system is based in part on government policies and internal rules (some of which are not published on a timely basis or at all) that may have a retroactive effect. As a result, we may not be aware of a violation of these policies and rules until sometime after the violation. There may be uncertainties regarding the interpretation and application of new laws, rules and regulations.

The interpretation and enforcement of certain PRC laws which govern a portion of our operations involve uncertainties, which could limit the legal protections available to us. Further, we cannot predict the effect of future legal developments in the PRC, including the promulgation of new laws, changes to existing laws or the interpretation or enforcement thereof, or the pre-exemption of local regulations by national laws. We cannot therefore assure you that we will enjoy the same level of legal protection in the future, nor such new laws and regulations will not affect our operations, causing adverse effects on our financial condition and results.

It may be difficult to effect service of process in relation to disputes brought in courts outside the PRC on, or to enforce judgments obtained from non-PRC courts against, us or our management who resides in the PRC

Our Company is registered under the laws of the Cayman Islands, but part of our operations and assets are located in the PRC. It may be difficult or impossible for investors to effect service of process on us or those persons in the PRC. Moreover, the PRC does not have treaties with most of the other jurisdictions that provide for the reciprocal recognition and enforcement of judicial rulings and awards. As a result, recognition and enforcement in the PRC of the judgment of a non-PRC court in relation to any matter not subject to a binding arbitration provision may be difficult or impossible. In addition, the legal protections available to us under PRC laws and regulations may be limited.

RISKS RELATING TO THE GLOBAL OFFERING

There has been no prior public market for our Shares, and their liquidity and market price may be volatile

Prior to the Global Offering, there has been no public market for our Shares. The initial Offer Price range was the result of the negotiations among us and the Sole Global Coordinator (for itself and on behalf of the Underwriters), and the Offer Price may differ significantly from the market price for our Shares following the Global Offering. We have applied for the listing of, and permission to deal in, our Shares on the Stock Exchange. A Listing, however, does not guarantee that an active and liquid trading market for our Shares will develop, or, if it does develop, will be sustained following the Global Offering, or that the market price of our Shares will not decline following the Global Offering. Furthermore, the price and trading volume of our Shares may be volatile. Factors such as the following may affect the volume and price at which our Shares will trade:

- actual or anticipated fluctuations in our revenues and results of operations;

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- announcements of new products by us or our competitors;
- news regarding recruitment or loss of key personnel by us or our competitors;
- announcements of competitive developments, acquisitions or strategic alliances in our industry;
- changes in earnings estimates or recommendations by financial analysts;
- potential litigation or regulatory investigations;
- general market conditions or other developments affecting us or our industry;
- the operating and stock price performance of other companies, other industries and other events or factors beyond our control; and
- release of lock-up or other transfer restrictions on our outstanding Shares or sales or perceived sales of additional Shares by us or other Shareholders.

Our Controlling Shareholders, may exert substantial influence over our operation and may not act in the best interests of our public Shareholders

Immediately following completion of the Capitalisation Issue and the Global Offering, our Controlling Shareholders will directly or indirectly hold 75% in aggregate of our Shares in issue, without taking into account the Shares which may be issued or sold upon the exercise of the Over-allotment Option. Given the size of their shareholding in our Company, they will be able to exercise significant influence over all matters requiring Shareholders' approval, including the election of directors and the approval of significant corporate transactions. They will also have veto power with respect to any shareholder action or approval requiring a majority vote except where they are required by the relevant rules or provisions of Articles to abstain from voting. Such concentration of ownership also may have the effect of delaying, preventing or deterring a change in control of our Group that would otherwise benefit our Shareholders. The interests of our Controlling Shareholders may not always align with our Company or the best interests of our other Shareholders. If the interests of our Controlling Shareholders conflict with the interests of our Company or our other Shareholders, or if our Controlling Shareholders choose to cause our business to pursue strategic objectives that conflict with the interests of our Company or other Shareholders, our Company or those other Shareholders may be disadvantaged as a result.

We may require additional funding for future growth

We may be presented with opportunities to expand our business in the future. Under such circumstances, secondary issue(s) of securities after the Listing may be necessary to raise the required capital to capture these growth opportunities. If additional funds are raised by means of issuing new equity securities in the future to new and/or existing Shareholders after the Listing, such new Shares may be priced at a discount to the then prevailing market price. Inevitably, existing Shareholders if not being offered with an opportunity to participate, their

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shareholding interest in our Company will be diluted. Also, if we fail to utilise the additional funds to generate the expected earnings, this could adversely affect our financial results and in turn exerts pressure to the market price of our Shares. Even if additional funds are raised by means of debt financing, any additional debt financing may, apart from increasing interest expense and gearing, contain restrictive covenants with respect to dividends, future fund raising exercises and other financial and operational matters.

Issue of new Shares under the 2015 Stock Option Plan will have a dilution effect and may affect our profitability

The 2015 Stock Option Plan commenced on 1 May 2015 and the Board granted the Master Option to the Master Option Grantee to purchase 40,841,584 Shares (as adjusted for Listing) under the 2015 Stock Option Plan. In addition, pursuant to 2015 Stock Option Plan, the maximum number of Shares which may be issued thereunder shall represent no more than 10% of the then outstanding Shares of our Company. Assuming all options under the 2015 Stock Option Plan had been exercised in full after the completion of the Global Offering but without taking into account any Shares which may be allotted and issued upon exercise of the Over-allotment Option, this will have a dilutive effect on (i) the shareholding of the Shareholders of 7.55% and (ii) earnings per Share of 7.55%. See “Statutory and General Information — D. 2015 Stock Option Plan” in Appendix IV to this prospectus for details.

A potential sale of Shares by our existing Shareholders could have a material adverse effect on our Share price

Future sales by our existing Shareholders of a substantial number of our Shares in the public markets after the Listing could materially and adversely affect the market prices of our Shares prevailing from time to time. Only a limited number of the Shares currently outstanding will be available for sale immediately after the Listing due to contractual and regulatory restrictions on re-sale. Please refer to “Underwriting” in this prospectus for further information. Nevertheless, after these restrictions lapse or if they are waived or breached, future sales of a substantial number of our Shares, or a perception of such impeding sales, could materially and adversely affect the market prices of our Shares and our ability to raise equity capital in the future.

We may not be able to declare or distribute any dividend in the future

Any decision to declare any dividend would require the recommendation of our Board and approval of our Shareholders. Any decision to pay any dividend will be made having regard to factors such as the results of operation, financial position, and other factors deemed relevant. Under Cayman Islands law, our Company may pay a dividend out of either our profits or amounts standing to the credit of our share premium account, provided that this would not result in our Company being unable to pay our debts as they fall due in the ordinary course of business. See “Financial Information — Dividend Policy” in this prospectus for further details. The amount of dividends our Company has paid historically is not indicative of our future performance or the amount of dividends we may pay in the future. We cannot assure you that we will be able to declare or distribute any dividend in the future.

RISK FACTORS

You may experience difficulties in protecting your interests because we are a Cayman Islands company and the laws of the Cayman Islands for minority shareholders protection may be different from those under the laws of Hong Kong or certain other jurisdictions

We are a Cayman Islands company and our corporate affairs are governed by the Cayman Companies Law and other laws of the Cayman Islands. The laws of the Cayman Islands relating to the protection of the interests of minority shareholders differ from those under statutes and judicial precedent in existence in Hong Kong and other jurisdictions. Such differences may mean that the remedies available to our minority Shareholders may be different from those they would have under the laws of Hong Kong or other jurisdictions. Please refer to “Summary of the Constitution of our Company and Cayman Islands Company Law” in Appendix III to this prospectus for further information.

Forward-looking statements contained in this prospectus are subject to risks and uncertainties

This prospectus contains certain statements that are “forward-looking” and uses forward-looking terminology such as “aim”, “estimate”, “anticipate”, “believe”, “continue”, “could”, “expect”, “intend”, “may”, “might”, “plan”, “consider”, “potential”, “propose”, “seek”, “ought to”, “should”, “will” and “would” or similar expressions, or their negatives. Those statements include, among other things, the discussion of our growth strategy and the expectations of our future operation, liquidity and capital resources.

Purchasers of our Offer Shares are cautioned that reliance on any forward-looking statement involves risks and uncertainties and that any or all of those assumptions could prove to be inaccurate and as a result, the forward-looking statements based on those assumptions may prove inaccurate. The uncertainties in this regard include those identified in the risk factors discussed above. In light of these and other uncertainties, the inclusion of forward-looking statements in this prospectus should not be regarded as representations or warranties by us that our plans and objectives will be achieved and these forward-looking statements should be considered in light of various important factors, including those set out in this section. We do not intend to update these forward-looking statements in addition to our continuing disclosure obligations pursuant to the Listing Rules or other requirements of the Stock Exchange. Investors should not place undue reliance on such forward-looking information. Please refer to “Forward-looking Statements” in this prospectus.

We cannot assure you the accuracy of certain facts and statistics contained in this prospectus

Certain facts and statistics in this prospectus have been derived from various official government and other publications generally believed to be reliable. We believe that the sources of such information are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading in any material respect or that any fact has been omitted that would render such information false or misleading in any material respect. Such information has not been independently verified by any of the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters or any of our or their respective directors, officers, advisers or representatives or any other person involved in the Global Offering (which, for the purpose of the section headed “Industry Overview”, excludes Frost &

RISK FACTORS

Sullivan) and no representation is given as to its accuracy. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice, the facts and statistics in this prospectus may be inaccurate or may not be comparable to facts and statistics produced with respect to other economies. Further, we cannot assure you that they are stated or compiled on the same basis or with the same degree of accuracy (as the case may be) in other jurisdictions. As a result, you should not unduly rely upon such facts and statistics contained in this prospectus.

We strongly caution you to read the entire prospectus and not to place any reliance on any information contained in press articles or other media regarding us and the Global Offering

We strongly caution our investors not to unduly rely on any information contained in press articles or other media regarding us and the Global Offering. Before the publication of this prospectus, there may be press and media coverage which contains certain information regarding the Global Offering and us that is not set out in this prospectus. We have not authorised the disclosure of such information in any press or media. We do not accept any responsibility for any such press or media coverage or the accuracy or completeness of any such information. We make no presentation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. To the extent that any such information appearing in publications other than this prospectus is inconsistent or conflicts with the information contained in this prospectus, we disclaim it. Accordingly, prospective investors are cautioned to make their investment decisions on the basis of information contained in this prospectus only and should not rely on any other information.

WAIVER FROM STRICT COMPLIANCE WITH THE LISTING RULES

In preparation of the Global Offering, the Company has sought the following waiver from strict compliance with the relevant provision of the Listing Rules:

WAIVER IN RELATION TO MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 of the Listing Rules, we must have sufficient management presence in Hong Kong. This normally means that at least two of the executive Directors must be ordinarily resident in Hong Kong. Since we have our headquarters and principal operations in Singapore, the executive Director has been and is expected to continue to be based in Singapore.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has agreed to grant, a waiver from strict compliance with the requirements under Rule 8.12 of the Listing Rules. In order to maintain effective communication with the Stock Exchange, we will put in place the following measures in order to ensure that regular communication is maintained between the Stock Exchange and us:

- (a) we have appointed two authorised representatives pursuant to Rule 3.05 of the Listing Rules, who will act as our principal channel of communication with the Stock Exchange. The two authorised representatives are Mr. Kwok King Kingsley CHAN and Ms. Yee Man WONG;
- (b) each of the authorised representatives will have all necessary means to contact all the Directors promptly at all times as and when the Stock Exchange wishes to contact them on any matters;
- (c) all Directors who are not ordinarily resident in Hong Kong have or can apply for valid travel documents to visit Hong Kong for business purposes and would be able to meet with the Stock Exchange upon reasonable notice;
- (d) the Company will retain a Hong Kong legal advisers to advise on matters relating to the application of the Listing Rules and other applicable Hong Kong laws and regulations after the Listing;
- (e) Mason Global Capital, our compliance adviser, will act as an additional channel of communication of the Company with the Stock Exchange; and
- (f) each Director has provided their respective mobile phone number, office phone number, e-mail address and fax number to the Stock Exchange.

For further information about other channels of communication with the Stock Exchange, please refer to the section headed “Directors and Parties Involved in the Global Offering” in this prospectus.

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus, for which our Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) and the Listing Rules for the purposes of giving information to the public with regard to our Company. Our Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this prospectus 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 prospectus misleading.

INFORMATION ON THE GLOBAL OFFERING

This prospectus is published solely in connection with the Hong Kong Public Offering. For applicants under the Hong Kong Public Offering, this prospectus and the Application Forms contain all the terms and conditions of the Hong Kong Public Offering.

The Offer Shares are offered solely on the basis of the information contained and representations made in this prospectus and the Application Forms and on the terms and subject to the conditions set out herein and therein. No person is authorised to give any information in connection with the Global Offering or to make any representation not contained in this prospectus, and any information or representation not contained herein must not be relied upon as having been authorised by us, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers and the Underwriters, any of their respective directors, agents, employees or advisers or any other party involved in the Global Offering.

Details of the structure of the Global Offering, including its conditions, are set out in "Structure of the Global Offering", and the procedures for applying for Hong Kong Offer Shares are set out in "How to Apply for Hong Kong Offer Shares" in this prospectus and in the relevant Application Forms.

Neither the delivery of this prospectus nor any subscription or acquisition made under it shall, under any circumstances, create any implication that there has been no change in our affairs since the date of this prospectus or that the information in it is correct as at any subsequent time.

UNDERWRITING

This prospectus is published solely in connection with the Hong Kong Public Offering, which is part of the Global Offering. For applicants under the Hong Kong Public Offering, this prospectus and the related Application Forms contain the terms and conditions of the Hong Kong Public Offering.

Details of the terms of the Global Offering are described in "Structure of the Global Offering".

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

The Listing is sponsored by the Sole Sponsor. Pursuant to the Hong Kong Underwriting Agreement, the Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters. The International Offering is managed by the Sole Global Coordinator. The International Underwriting Agreement is expected to be entered into on or about the Price Determination Date, subject to the agreement on the Offer Price between us (on behalf of ourselves and the Selling Shareholder) and the Sole Global Coordinator (on behalf of the Underwriters). If, for any reason, the Offer Price is not agreed upon amongst us and the Sole Global Coordinator (on behalf of the Underwriters), the Global Offering will not proceed and will lapse. Further details about the Underwriters and the underwriting arrangements are contained in “Underwriting”.

RESTRICTIONS ON OFFER AND SALE OF THE OFFER SHARES

No action has been taken to permit a public offering of the Offer Shares in any jurisdiction other than Hong Kong. Accordingly, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation.

The Offer Shares are offered to the public in Hong Kong for subscription solely on the basis of the information contained and the representations made in this prospectus and the related Application Forms. No person is authorised in connection with the Global Offering to give any information, or to make any representation, not contained in this prospectus, and any information or representation not contained in this prospectus must not be relied upon as having been authorised by our Company, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors or any other person involved in the Global Offering.

Each person acquiring the Offer Shares will be required, and is deemed by his acquisition of the Offer Shares, to confirm that he is aware of the restrictions on offers of the Offer Shares described in this prospectus and that he is not acquiring, and has not been offered any Offer Shares in circumstances that contravene any such restrictions.

The distribution of this prospectus and the offering of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions and pursuant to registration with or authorisation by the relevant securities regulatory authorities or an exception therefrom.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

Application has been made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, our Shares in issue and to be issued as mentioned in this prospectus (including Shares to be issued pursuant to the Capitalisation Issue, Shares which may fall to be issued upon the exercise of the Over-allotment Option) on the Main Board.

Save as disclosed in this prospectus, no part of the share or loan capital of our Company is listed on or dealt in on any other stock exchange and no such listing or permission to list is being or is proposed to be sought in the near future.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

Under section 44B(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, any allotment made in respect of any application will be invalid if the listing of, and permission to deal in, the Offer Shares on the Stock Exchange is refused before the expiration of three weeks from the date of the closing of the Application Lists, or such longer period (not exceeding six weeks) as may, within the said three weeks, be notified to our Company by the Stock Exchange.

REGISTER OF MEMBERS

Our Company's principal register of members will be maintained by its principal share registrar, Sertus Incorporations (Cayman) Limited, in the Cayman Islands and our Company's Hong Kong register of members will be maintained by its Hong Kong Share Registrar, Tricor Investor Services Limited, in Hong Kong. All Shares to be issued pursuant to the Global Offering, the Capitalisation Issue and any additional Shares to be issued upon exercise of the Over-allotment Option will be registered on our Company's register of members in Hong Kong. Subject to the Articles of Association, the Shares are freely transferable, but only Shares registered on our Company's register of members maintained in Hong Kong may be traded on the Stock Exchange.

STAMP DUTY

The sale and purchase of the Sale Shares in the Global Offering is subject to stamp duty in Hong Kong. However, no stamp duty (including fixed duty) will be payable by any applicant in the Global Offering, since the Selling Shareholder will bear all stamp duty (including fixed duty) arising from the sale and purchase of the Sale Shares in the Global Offering.

Dealings in our Shares registered in the Hong Kong register of members of our Company in Hong Kong will be subject to Hong Kong stamp duty.

Unless determined otherwise by our Company, dividends payable in Hong Kong dollars in respect of Shares will be paid to the Shareholders listed on the Hong Kong register of members of our Company, by ordinary post, at the Shareholders' risk, to the registered address of each Shareholder or, if joint Shareholders, to the first-named therein in accordance with the Articles.

PROFESSIONAL TAX ADVICE RECOMMENDED

Applicants for the Offer Shares are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding, disposing of, dealing in or exercising any rights in relation to, the Offer Shares. None of us, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of our or their affiliates or any of their respective directors, officers, employees or agents or any other person or party involved in the Global Offering accepts responsibility for any tax effects on, or liabilities of, any person resulting from the subscription for, purchase, holding, disposition of, dealing in, or exercising any rights in relation to, the Shares.

PROCEDURES FOR APPLICATION FOR SHARES

The procedures for applying for the Hong Kong Offer Shares are set out in “How to Apply for Hong Kong Offer Shares” and on the relevant Application Forms.

STRUCTURE OF THE GLOBAL OFFERING

Details of the structure of the Global Offering, including its conditions, are set out in “Structure of the Global Offering” in this prospectus.

OVER-ALLOTMENT AND STABILISATION

In connection with the Global Offering, the Stabilising Manager or any person acting for it, on behalf of the Underwriters, may over-allot or effect transactions with a view to supporting the market price of our Shares at a level higher than that which might otherwise prevail for a limited period after the Listing Date. However, there is no obligation on the Stabilising Manager or any person acting for it to do this. Such stabilisation action, if taken, may be discontinued at any time and is required to be brought to an end after a limited period. An announcement will be made to the public within seven days after the end of the stabilising period as required under the Securities and Futures (Price Stabilizing) Rules (Chapter 571W of the Laws of Hong Kong).

In connection with the Global Offering, our Company and the Selling Shareholder intend to grant to the International Underwriters the Over-allotment Option, which will be exercisable in full or in part by the Stabilising Manager (on behalf of the International Underwriters) no later than 30 days after 5 November 2019, being the last day for the lodging of applications under the Hong Kong Public Offering. Pursuant to the Over-allotment Option, our Company may be required to allot and issue and the Selling Shareholder may be required to sell at the Offer Price up to an aggregate of 18,750,000 additional Shares, representing 15% of the total number of Shares initially available under the Global Offering, in connection with over-allocations in the International Offering, if any.

Further details with respect to stabilisation and the Over-allotment Option are set out in “Structure of the Global Offering — Stabilisation” and “Structure of the Global Offering — The International Offering — Over-allotment Option”.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of listing of, and permission to deal in, our Shares on the Stock Exchange and our Company’s compliance with the stock admission requirements of HKSCC, our Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in our Shares on the Stock Exchange or any other date as HKSCC chooses. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second Business Day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements have been made for our shares to be admitted into CCASS.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

COMMENCEMENT OF DEALINGS IN THE SHARES

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Thursday, 14 November 2019, it is expected dealings in our Shares on the Main Board of the Stock Exchange will commence at 9:00 a.m. on Thursday, 14 November 2019. Shares will be traded in board lots of 2,000.

The stock code for our Shares is 1747.

Our Company will not issue any temporary documents of title.

LANGUAGE

If there is any inconsistency between this prospectus and the Chinese translation of this prospectus, this prospectus shall prevail. If there is any inconsistency between the names of any of the entities mentioned in this prospectus which are not in the English language and their English translations, the names in their respective original languages shall prevail.

EXCHANGE RATE CONVERSION

For the purpose of illustration only and unless otherwise specified in this prospectus, (i) the translation of Hong Kong dollars into U.S. dollars has been made at the rate of HK\$7.85 to US\$1.00; and (ii) the translation of Hong Kong dollars into Singaporean dollars has been made at the rate of HK\$1.00 to S\$0.17.

ROUNDING

In this prospectus, where information is presented in thousands or millions, amounts of less than one thousand or one million, as the case may be, have been rounded to the nearest hundred, or hundred thousand, respectively. Amounts presented as percentages have, in certain cases, been rounded to the nearest tenth of a percent. Any discrepancies in any table or chart between totals and sums of amounts listed therein are due to rounding. Accordingly, the total of each column of figures as presented may not be equal to the sum of the individual items.

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

DIRECTORS

Name	Residential Address	Nationality
Executive Director		
Mr. Alain PERROT	239 Arcadia Road #02-03 Arcadia Garden Singapore 289845	French
Non-executive Directors		
Mr. Yu GAO (高煜)	Flat E, 22/F BLK 12 Pacific Palisades 1 Braemar Hill Road North Point Hong Kong	Chinese
Mr. Kwok King Kingsley CHAN (陳國勁)	15B, Sky Tower The Arch 1 Austin Road West Kowloon Hong Kong	Chinese
Independent Non-executive Directors		
Mr. Werner Peter VAN ECK	Rijksweg West 4 1251 CK Laren The Netherlands	Dutch
Mr. Shou Kang CHEN (陳壽康)	5th Floor, No. 49 Xinguo Street Zhubei City Hsinchu County Taiwan 30262	Taiwanese
Mr. Edmond Ming Siang JAUW	Unit 45.01 The Residence Ciputra World 2 Jl. Prof. DR. Satrio Kav.11 Karet Semanggi Setiabudi Jakarta Selatan 12930 Indonesia	Indonesian

For further information regarding the Directors, please refer to the section headed "Directors and Senior Management" in this prospectus.

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

PARTIES INVOLVED

Sole Sponsor

Mason Global Capital Limited
19/F, Lee Garden Three
1 Sunning Road
Causeway Bay
Hong Kong

Sole Global Coordinator

Mason Securities Limited
19/F, Lee Garden Three
1 Sunning Road
Causeway Bay
Hong Kong

Joint Bookrunners

Mason Securities Limited
19/F, Lee Garden Three
1 Sunning Road
Causeway Bay
Hong Kong

Yuanta Securities (Hong Kong) Company Limited
23/F, Tower 1 Admiralty Centre
18 Harcourt Road
Admiralty
Hong Kong

SPDB International Capital Limited
Suites 3207-3212, 32/F
One Pacific Place
88 Queensway
Hong Kong

Fortune (HK) Securities Limited
43/F, Cosco Tower
183 Queen's Road Central
Hong Kong

Shanxi Securities International Limited
Unit A 29/F Admiralty Centre Tower 1
18 Harcourt Road
Admiralty
Hong Kong

Alpha Financial Group Limited
Room A, 17/F, Fortune House
61 Connaught Road Central
Central
Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

Joint Lead Managers

Mason Securities Limited
19/F, Lee Garden Three
1 Sunning Road
Causeway Bay
Hong Kong

Yuanta Securities (Hong Kong) Company Limited
23/F, Tower 1 Admiralty Centre
18 Harcourt Road
Admiralty
Hong Kong

SPDB International Capital Limited
Suites 3207-3212, 32/F
One Pacific Place
88 Queensway
Hong Kong

Fortune (HK) Securities Limited
43/F, Cosco Tower
183 Queen's Road Central
Hong Kong

Shanxi Securities International Limited
Unit A 29/F Admiralty Centre Tower 1
18 Harcourt Road
Admiralty
Hong Kong

Alpha Financial Group Limited
Room A, 17/F, Fortune House
61 Connaught Road Central
Central
Hong Kong

Legal advisers to the Company

As to Hong Kong law
Lu & Partners LLP in association with HAIWEN
Unit 1902, 19/F
New World Tower
16-18 Queen's Road Central
Hong Kong

As to PRC law
Haiwen & Partners
2605 Jing An Kerry Center Tower 1
1515 Nanjing West Road
Jing'an District
Shanghai
PRC

As to Cayman Islands law
Maples and Calder (Hong Kong) LLP
53rd Floor, The Center
99 Queen's Road Central
Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

As to Singapore law

Baker & McKenzie. Wong & Leow

8 Marina Boulevard

#05-01 Marina Bay Financial Centre Tower 1

Singapore 018981

As to U.S. law

Baker & McKenzie LLP

300 East Randolph Street, Suite 5000

Chicago, IL 60601, United States

As to Brazil law

Trench Rossi Watanabe Advogados

Rua Arq. Olavo Redig de Campos, 105 - 31º. andar

Edifício EZ Towers, Torre A

04711 904

São Paulo, Brazil

As to Belgium law

Baker & McKenzie CVBA/SCRL

Louizalaan 149 Avenue Louise

Eleventh Floor

1050 Brussels, Belgium

**Legal advisers to the Sole Sponsor
and Underwriters**

As to Hong Kong law

Kwok Yih & Chan

Suites 2103-05, 21st Floor

9 Queen's Road Central

Hong Kong

As to PRC law

Fangda Partners

27/F North Tower

Beijing Kerry Centre

1 Guanghai Road

Chaoyang District

Beijing

PRC

Auditors and Reporting Accountants

Ernst & Young

22/F, CITIC Tower

1 Tim Mei Avenue

Central

Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING
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Industry Consultant

Frost & Sullivan Limited
1706, One Exchange Square
8 Connaught Place
Central
Hong Kong

Compliance Adviser

Mason Global Capital Limited
19/F, Lee Garden Three
1 Sunning Road
Causeway Bay
Hong Kong

Receiving Bank

**Industrial and Commercial Bank of China
(Asia) Limited**
33/F, ICBC Tower
3 Garden Road
Central
Hong Kong

CORPORATE INFORMATION

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
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
Company's Website	www.omniremotes.com <i>(Note: The information contained in this website does not form part of this prospectus)</i>
Company Secretary	Ms. Yee Man WONG ^{ACS, ACIS} Room 1901, 19/F Lee Garden One 33 Hysan Avenue Causeway Bay Hong Kong
Authorised Representatives	Mr. Kwok King Kingsley CHAN Level 40, International Commerce Centre 1 Austin Road West Kowloon Hong Kong Ms. Yee Man WONG Room 1901, 19/F Lee Garden One 33 Hysan Avenue Causeway Bay Hong Kong
Audit Committee	Mr. Shou Kang CHEN (<i>Chairman</i>) Mr. Werner Peter VAN ECK Mr. Edmond Ming Siang JAUW
Remuneration Committee	Mr. Shou Kang CHEN (<i>Chairman</i>) Mr. Werner Peter VAN ECK Mr. Kwok King Kingsley CHAN

CORPORATE INFORMATION

Nomination Committee

Mr. Yu GAO (*Chairman*)
Mr. Edmond Ming Siang JAUW
Mr. Werner Peter VAN ECK

**Cayman Islands Principal Share
Registrar and Transfer Office**

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

Hong Kong Share Registrar

Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

Principal Bank

Citibank N.A. Singapore Branch
8 Marina View
#17-01 Asia Square Tower 1
Singapore 018960

INDUSTRY OVERVIEW

The information presented in this section, unless otherwise indicated, is derived from various official government publications and other publications and from the market research report prepared by Frost & Sullivan, which was commissioned by us. We believe that the information has been derived from appropriate sources and we have taken reasonable care in extracting and reproducing the information. We have no reason to believe that the information is false or misleading in any material respect or that any fact has been omitted that would render the information false or misleading in any material respect. The information has not been independently verified by the Sole Sponsor, the Joint Lead Managers, the Underwriters, or any of our or their respective directors, officers or representatives or any other person involved in the Global Offering (which, for the purpose of this paragraph, excludes Frost & Sullivan) nor is any representation given as to its accuracy or completeness.

SOURCE OF INFORMATION

We have commissioned Frost & Sullivan, an independent market research and consulting company, to conduct an analysis of, and to prepare a report on the global home control solution market. The report prepared by Frost & Sullivan for us is referred to in this prospectus as the F&S Report. We paid Frost & Sullivan a fee of HK\$480,000 which we believe reflects market rates for reports of this type.

Founded in 1961, Frost & Sullivan has 40 offices with more than 2,000 industry consultants, market research analysts, technology analysts and economists globally. Frost & Sullivan's services include technology research, independent market research, economic research, corporate best practices advising, training, client research, competitive intelligence and corporate strategy.

We have included certain information from the F&S Report in this prospectus to facilitate the understanding of the market in which our Group operates for prospective investors. The F&S Report includes information on the global home control solution market as well as other economic data, which have been quoted in the prospectus. Frost & Sullivan's independent research consists of both primary and secondary research obtained from various sources in respect of the market under review. Primary research involved in-depth interviews with leading industry participants and industry experts. Secondary research involved reviewing company reports, independent research reports and data based on Frost & Sullivan's own research database. Projected data were obtained from historical data analysis plotted against macroeconomic data with reference to specific industry-related factors. Except as otherwise noted, all of the data and forecasts contained in this section are derived from the Frost & Sullivan Report, various official government publications and other publications.

In compiling and preparing the research, Frost & Sullivan assumed that the social, economic and political environments in the relevant markets are likely to remain stable in the forecast period, which ensures the stable and healthy development of the global remote control solution market.

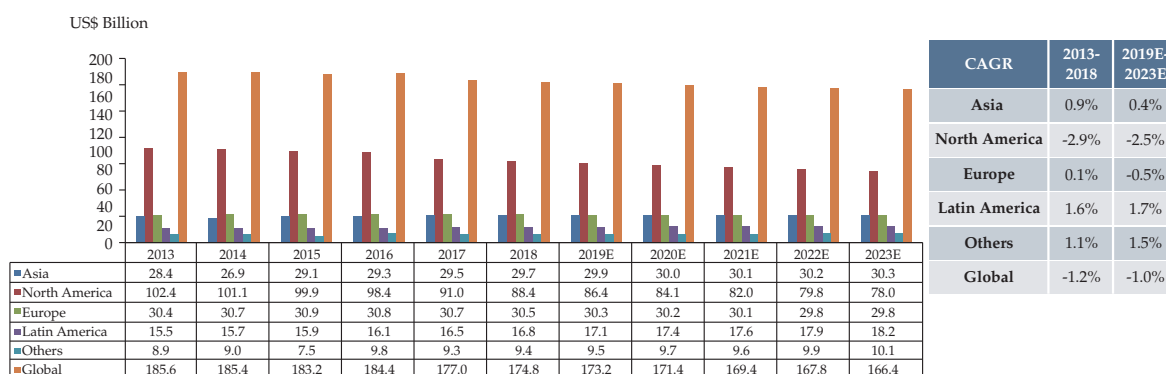
ANALYSIS OF SUBSCRIPTION BROADCASTING MARKET

Subscription broadcasting, or subscription-based television services, usually provided by both analog and digital cable and satellite television, but also increasingly via digital terrestrial, IPTV and internet television. The market could be classified into (i) multi system operators (MSO) equipment and (ii) Over-the-Top (OTT) equipment. MSO refer to operators of multiple cable television systems or direct-broadcast satellite television systems. OTT is a public media distribution practice that allows a streaming content provider to deliver audio, video, and other media services directly to the consumer over the internet via streaming media, without the involvement of a MSO in control or distribution of the content.

INDUSTRY OVERVIEW

Due to the change in user's preference over the way to gain access to entertainment and media content from the STBs of the MSO to OTT devices which resulted in the shift of some subscribers to the OTT market, global MSO market has decreased from US\$185.6 billion in 2013 to US\$174.8 billion in 2018, representing a CAGR of approximately -1.2%. North America, the largest geographical segment of the MSO market, has also experienced a decline from US\$102.4 billion in 2013 to US\$88.4 billion in 2018, with a CAGR of approximately -2.9%. However, from 2013 to 2018, with the development of MSO market in Latin America and Asia, revenues of MSO market in these two regions have increased at CAGRs of approximately 1.6% and 0.9% respectively.

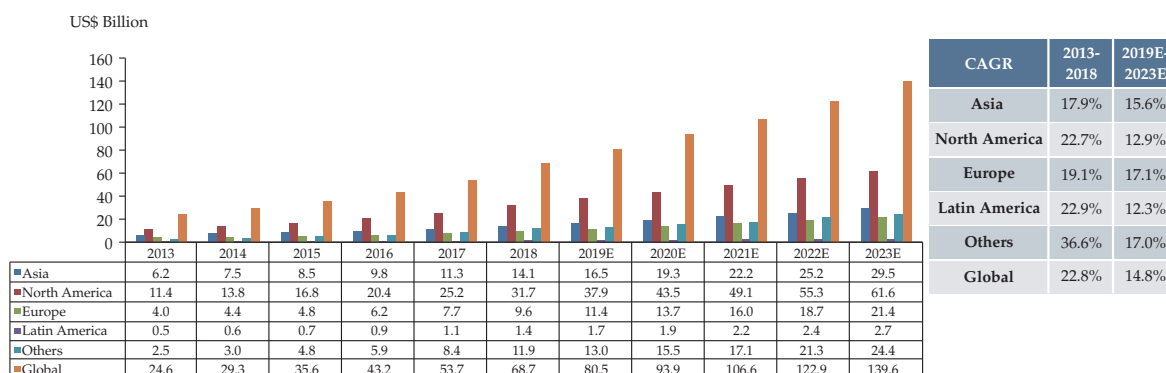
Market Size of MSO Services by Revenue (Global), 2013-2023E



Source: Frost & Sullivan

Having supported by the booming entertainment industry and rising disposable income per capita, the revenue generated by the global OTT services has risen significantly from US\$24.6 billion in 2013 to US\$68.7 billion in 2018, at a CAGR of 22.8%. This is mainly supported by the rise in adoption in internet enabled devices and the upgrade in internet infrastructure internationally. The OTT services in North America is the largest among the other regions, growing from US\$11.4 billion in 2013 to US\$31.7 billion in 2018, at a CAGR of 22.7%. Asia region including the PRC, India and a number of developing regions, accounts for over half of the world population. Traditional media such as TV has been a major platform to gain access to entertainment and media for consumers especially for consumers in rural area with limited internet access.

Market Size of OTT Services by Revenue (Global), 2013-2023E



Source: Frost & Sullivan

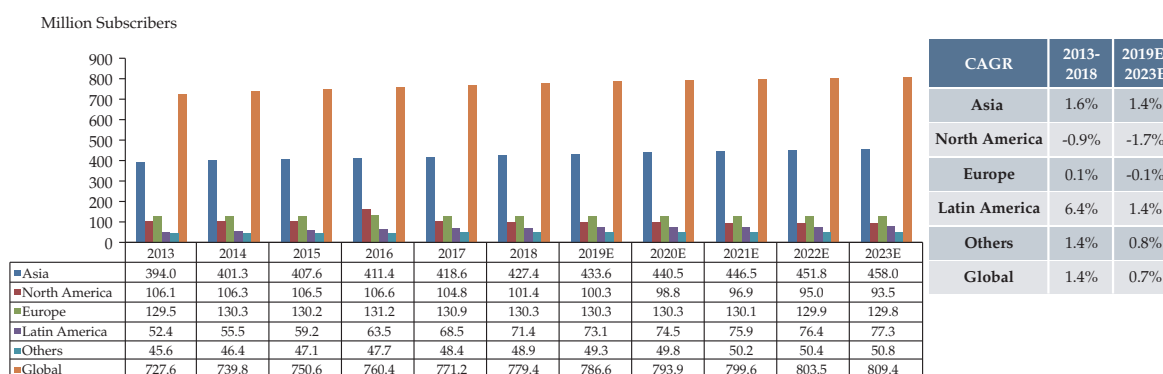
INDUSTRY OVERVIEW

Number of Subscribers for subscription broadcasting services

From 2013 to 2018, total number of subscribers of MSO services in Europe increased slightly from 129.5 million to 130.3 million, representing a CAGR of approximately 0.1%. Number of subscribers in Asia and Latin America also witnessed a rise from 394.0 million and 52.4 million in 2013 to 427.4 million and 71.4 million in 2018, representing a CAGR of approximately 1.6% and 6.4% respectively. Facing the growing competition from OTT service providers, from 2013 to 2018, total number of subscribers of MSO services in North America decreased from 106.1 million in 2013 to 101.4 million subscribers by the end of 2018.

Looking forward, the development of MSO market will be largely affected by the rapid development of OTT services. Total number of subscribers of MSO services in Europe, North America, Asia and Latin America will experience CAGRs of -0.1%, -1.7%, 1.4% and 1.4%, respectively during the period from 2019 to 2023. Nevertheless, in terms of the market size and number of subscribers, MSO market remains a large consumer market, which in turn create constant demand for home control solutions.

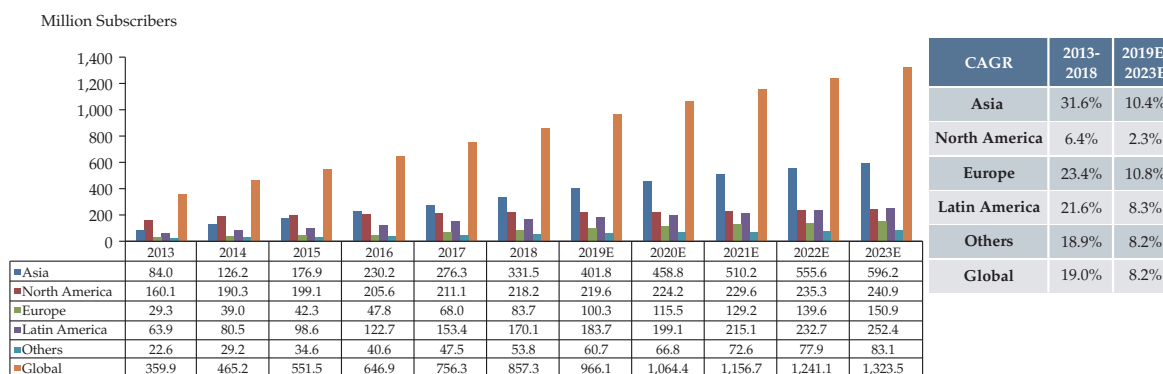
Number of Subscribers of MSO Services (Global), 2013-2023E



Source: Frost & Sullivan

The total number of subscribers for OTT services in Europe has increased significantly from 29.3 million subscribers in 2013 to 83.7 million subscribers in 2018, representing a CAGR of 23.4%. The number of subscribers in Asia and North America also recorded a growth from 2013 to 2018, at a CAGR of 31.6% and 6.4% respectively, while Latin America recorded the CAGR of 21.6% during the same period. With the rapid development of the OTT industry globally, the total number of subscribers in Europe, North America, Asia and Latin America is expected to experience CAGRs of 10.8%, 2.3%, 10.4% and 8.3%, respectively from 2019 to 2023. The rising number of OTT services subscribers will drive the needs for the OTT STBs and their control devices, which can be translated into growth opportunities for home control solution market.

Number of Subscribers of OTT Services (Global), 2013-2023E



Source: Frost & Sullivan

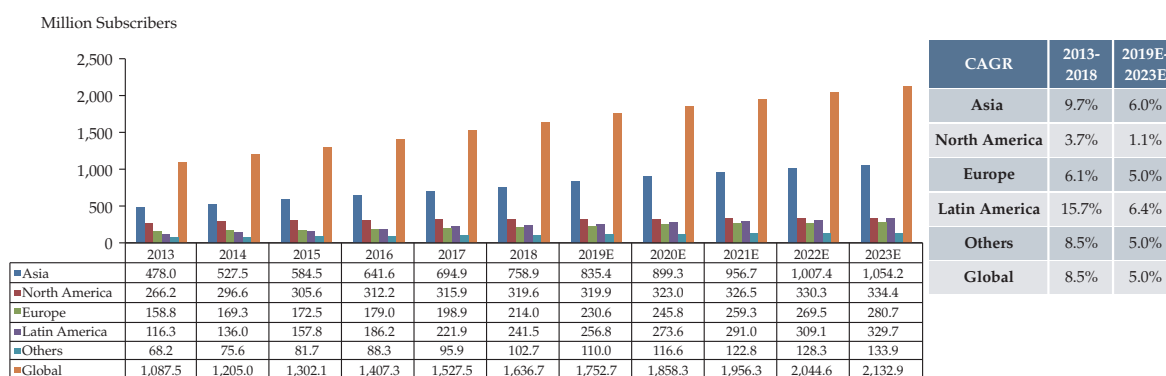
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The global MSO market size decreased from US\$185.6 billion in 2013 to US\$174.8 billion in 2018, representing a CAGR of approximately -1.2% and it is expected to decrease at a CAGR of -1.0% from 2019 to 2023. The decrease in the MSO market leads to the declining subscription revenue of MSO services providers, which is not the key factor to the development of home control solutions market. Instead, the demand for remotes is linked to the number of subscribers for MSO and OTT services. Remote controls are needed for STBs of OTT services and MSO, smart TVs, and the change of the product mix would not impact the overall demand for home controls solutions.

The subscription broadcasting industry is undergoing transformation and the users are shifting from MSO services to OTT services. From 2013 to 2018, total number of subscribers for OTT and MSO services experienced an increase at a CAGR of 8.5% and it is forecasted to grow at a CAGR of 5.0% from 2019 to 2023.

For example, the decrease in number of subscribers of MSO services in North America is compensated by the increase in number of subscribers of OTT services in North America. The number of subscribers of MSO and OTT services in North America increased from 266.2 million in 2013 to 319.6 million in 2018, representing a CAGR of 3.7%. The overall increase in number of subscribers in OTT and MSO services continue to drive the home control solution market in the near future.

Overall Number of Subscribers of MSO and OTT Services (Global), 2013-2023E



Source: Frost & Sullivan

OVERVIEW OF GLOBAL HOME CONTROL SOLUTION MARKET

Definition and Classifications of Home Control Solution

Home control is a kind of electronic device, generally wireless, operating other devices in a remote distance. Home controls have been widely adopted in various applications such as television set, OTT devices, STB and home automation systems. Subscription broadcasting services (also called pay TV services) are provided by MSOs who have deployed a cable or fiber optic infrastructure to distribute TV channels to consumers. Some operators are using satellite to reach remote or low-density population areas. The improvement of infrastructure and available bandwidth has allowed video to be distributed via internet. A large number of OTT services like Netflix have taken advantage of this opportunity and are available without subscribing to a MSO. MSO will usually rent an access device, such as a STB, for the subscriber

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to access its services, while OTT services can be accessed by buying a streaming device which connects the TV to internet and offers thousands of channels (free or pay). Roku, Amazon FireTV, Google Chromecast, Android boxes are examples of OTT devices. Smart TVs also allow access to these OTT services but with a usually more limited offer and less optimal user interface. Home control solutions are serving the MSO market with the remote which controls the STB provided by the operator and the OTT market by controlling the streaming device or the smart TV of the consumer. There are different types of wireless remote control technologies such as infrared (IR), radio frequency (RF), including Bluetooth, Zigbee, Wifi and so on. Besides remote control itself, software hosted by the STB or the OTT device which associated to an IR database, allows the operator or OTT remote to control any TV which is connected. The Group is one of the two market players who maintain the most comprehensive IR and code database. The Group's infrared database covers more than 95% of all TVs thus enabling its wide adoption by many STB and OTT makers.

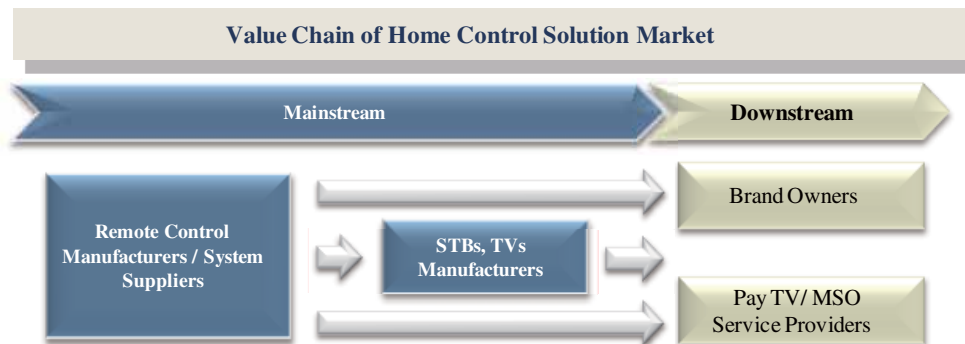
Value Chain

The value chain of home control solution market comprises three major parts, namely upstream participants, including component suppliers and manufacturers, mid-stream participants and downstream participants.

Raw material suppliers supply key materials include copper wire, resin, plastics, rubber, coil, etc., which are used to produce components of remote controls. Components manufacturers are responsible for mass production of electronic components including integrated circuits & chips (ICs), printed circuit board (PCB) etc. for remote control manufacturers.

The midstream players include the home control solution providers. The home control solution providers develop and offer bespoke remote controls for a vast array of electronic devices such as STBs of MSO and OTT devices as well as smart TVs, based on the specific customer requirements of the MSO or OTT or TV brands. They offer an integrated home control solution, such as product design, technical advices, software and hardware integration, supply chain management and subcontracting management, to enable and interact with electronic devices. Afterwards, the remote controls will supply to the STBs and TV manufacturers for packing, or directly to MSO, TV or OTT Brands.

Downstream of the value chain mainly includes MSO or OTT and TV brands which generally provide subscription broadcasting and TV streaming services to end-users, and also some retails or consumer electronic brands who sell the electronic device such as TV set together with the remote control in a bundle.



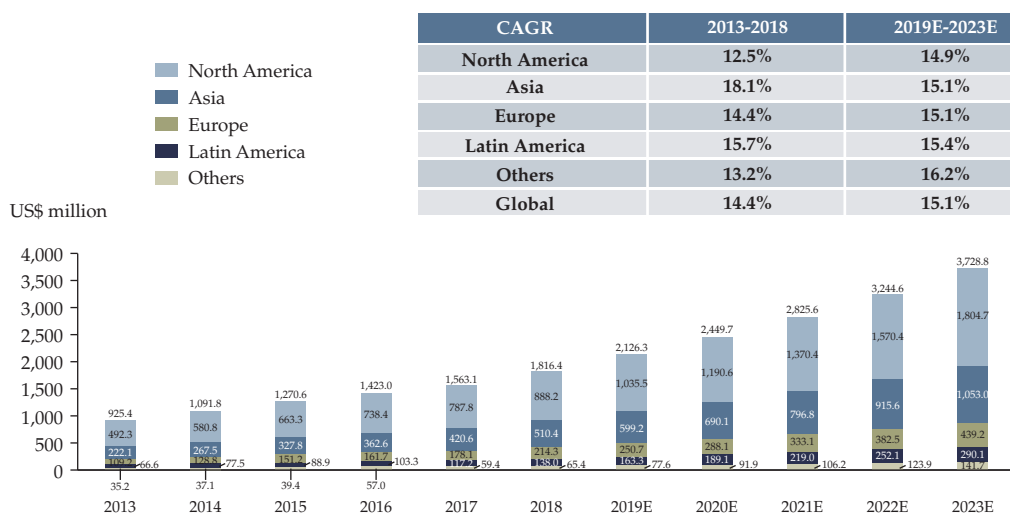
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Market Size

Home control is generally accepted as synonymous with remote controls for various home applications. During 2013 to 2018, the total revenue of home control solution market increased from US\$925.4 million in 2013 to US\$1,816.4 million in 2018, representing a CAGR of 14.4%, primarily due to improvement in network infrastructure and increasing adoption of internet enabled devices. With shifting the end-users from MSO to OTT, TV remain the major channel of content consumption and the subscription broadcasting services continue to grow, which in turn benefits home control solutions providers. North America is the key segment of home control solution market, accounting for 48.9% of market shares in terms of revenue in 2018. North America and Western Europe are more mature markets in comparison with the rest of the world. End-user penetration levels in these regions are relatively high, and with stiff competition and market saturation of subscription broadcasting services, vendors are continuously adding more features to their STBs, OTT devices and remote controls. Driven by advanced features such as OTT support, improved user interface and graphics, and enhanced search ability, the average selling price of remote controls in North America is on the rise. Supported by the higher technical requirements and the pursuit of better user experience, the functionality of the home controls are improving, thus contributing to a higher average selling price of remote controls. Looking forward, the home control solution market is expected to be supported by the rising demand of OTT services and will reach US\$3,728.8 million by 2023, representing a CAGR of 15.1% from 2019 to 2023.

Home control for TV sets, OTT devices and STBs, in aggregate, accounted for more than 98% of the entire home control solution market in 2018.

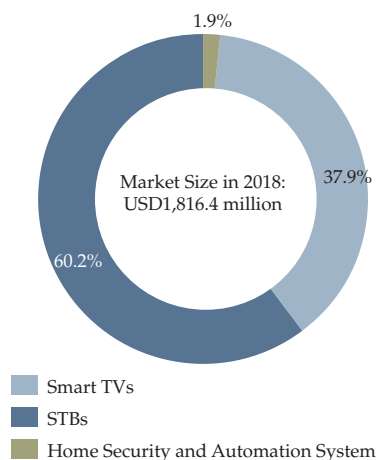
Market Size of Home Control Solution by Revenue (Global), 2013-2023E



Source: Frost & Sullivan

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Market Size of Home Control Solution Market by Major Segments (Global), 2018



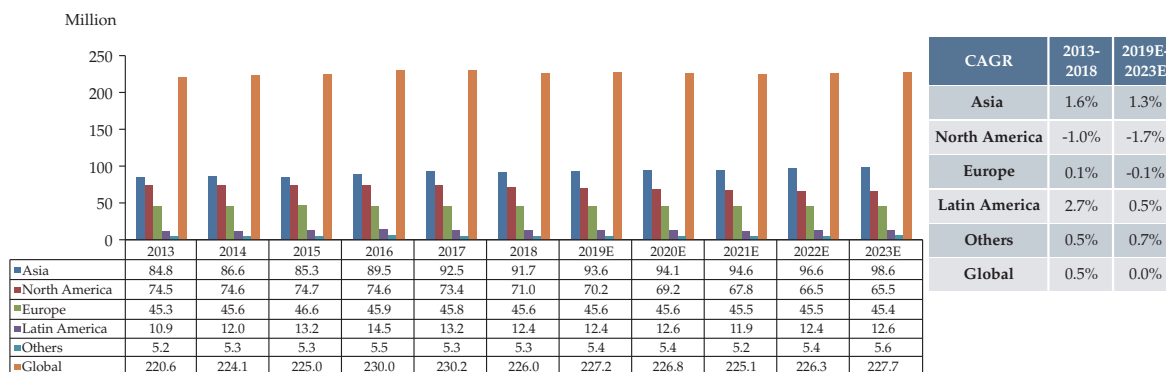
Notes:

1. Smart TV refers to a TV set which enable users to access internet and its related entertainment content, such as OTT content, without the use of set top boxes.
2. STB is the device that allows the users to access MSO content.

Source: Frost & Sullivan

The development of home control solutions market is related to the expansion of user base, which are generally the subscribers of OTT and MSO services. The number of MSO and OTT services subscribers would be able to indicate on the growth potential of the industry. It is because each new subscriber generally needs a new remote control while the existing subscribers would also replace the outdated or depleted remote controls. In particular, the ratio for an existing MSO subscriber to order a new remote control is 70%, 35%, 20%, 15% and 10% in Northern America, Europe, Asia, Latin America and Others regions respectively.

Number of Remote Control for MSO Subscribers (Global), 2013-2023E



Notes:

1. The ratio for an existing MSO subscriber to order a new remote control is 70%, 35%, 20%, 15% and 10% in Northern America, Europe, Asia, Latin America and Others regions respectively. The number of remote control for MSO subscribers is arrived by multiplying the number of MSO subscribers and the aforementioned ratio of each region.

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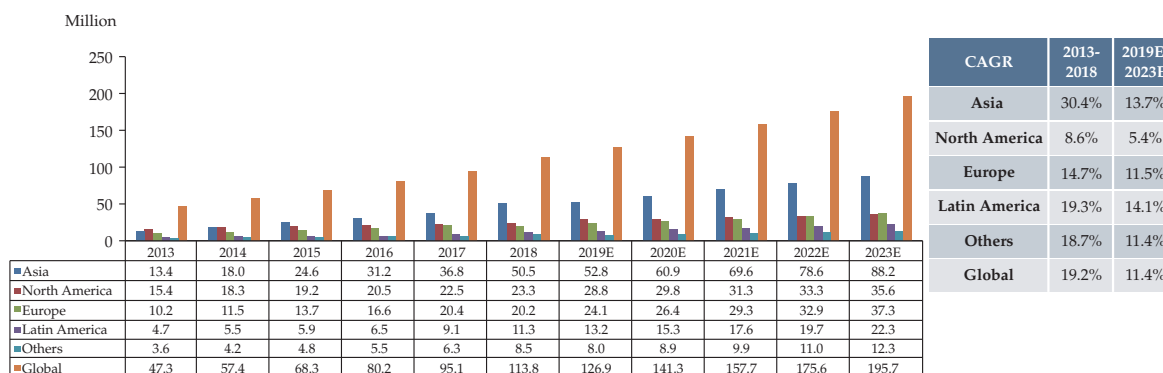
2. Each new MSO subscriber orders a new remote control.

Source: Frost & Sullivan

From 2013 to 2018, total number of remote control for MSO subscribers in the globe increased slightly from 220.6 million to 226.0 million, representing a CAGR of approximately 0.5%. It is due to the slowdown in the number of MSO subscribers from 2013 to 2018, particularly in North America and Europe.

In 2018, North America is the second largest market in terms of volume for home control solutions in the MSO segment. As the number of MSO subscribers in North America continues to decrease, the number of remote controls for MSO subscribers in North America decreased from 70.2 million in 2019 to 65.5 million in 2023 accordingly, at a CAGR of -1.7%. During the same period, Asia is expected to experience an increase in number of remote control for MSO subscribers from 93.6 million in 2019 to 98.6 million in 2023, at a CAGR of 1.3%. As the increase in demand for remote control in Asia is offset by the decrease in North America, total number of remote control for MSO subscribers in the globe remains stable from 227.2 million in 2019 to 227.7 million in 2023.

Number of Remote Control for OTT Subscribers (Global), 2013-2023E



Source: Frost & Sullivan

Total number of remote control for OTT subscribers in the globe increased from 47.3 million in 2013 to 113.8 million in 2018, representing a CAGR of 19.2%. In particular, total number of remote control for OTT subscribers in North America increased from 15.4 million in 2013 to 23.3 million, at a CAGR of 8.6%, which is able to compensate the decrease in number of remote control for MSO subscribers in North America during the same period.

In 2018, North America is the second largest market in terms of number of remote controls for OTT subscribers. With the stable growth in number of OTT subscriber in North America and the rapid growth in Asia and Europe, total number of remote control for OTT subscribers in the globe increased from 126.9 million in 2019 to 195.7 million in 2023, at a CAGR of 11.4%.

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Market Outlook

Improvement in internet infrastructure – Social media, video and entertainment applications continue to drive internet bandwidth usage. Video continues to drive demand for high-speed internet in the entertainment application, including YouTube, Facebook, and Netflix online. These improvement in network infrastructure and value-added services include investment in Ethernet delivered over fiber and hybrid fiber coaxial cable (HFC) networks, managed router, managed hosting and cloud services, security applications, VoIP, Unified Communication and SIP trunking services. The subscription broadcasting services and home control solution market is expected to benefit from improved network infrastructure and grow.

Increasing adoption of internet enabled devices – The reliable and efficient telecommunication infrastructure has bolstered the IT development. In particular, the continual infrastructure development has contributed to the rising number of internet-enabled devices. Government agencies are taking the lead in deploying IoT solutions to address immediate concerns surrounding public safety, border control, tracking, traffic management and access to basic services in healthcare, education and other social issues. Sensors, modules and hardware components are becoming commoditised and economical enough for mass deployment. Specifically, home automation and security solutions are increasingly used, which in turn drive the growth of home control solutions.

Market Drivers

TVs remain the major channel in daily content consumption – TVs remain the major channel content discovery for consumers. Viewing media and entertainment content via cable, satellite or over the internet has changed people's lifestyle and spending pattern. Content providers are offering a wide array of content, available through multiple channels, and some are exclusive to a single channel. Market participants in the entertainment industry are looking for an edge to lead consumers to their content and their services. TVs are in control of our daily content consumption journey. The first step is turning on the display, which makes it one of the more natural places to offer a unifying interface across devices and services. The popularity of TVs creates greater demand for STBs and remote control.

Rising trends in unified control – The technological innovation and changing user experience have enabled new business models and revenue opportunities. Unified home control solution enables consumers to automatically discover and interact with all points of access to content and applications at home through a single point of control such as a voice assistant, a touchscreen device, or a remote control. These capabilities are offered through STBs, OTT STBs, TVs, game consoles, smart home gateways or any connected device offering a service. Some TV provide universal content search solutions that focus on the experience on a single device, searching across a catalog of content offered by installed apps and channels, while others unify the experience across devices and services through a combination of content recognition techniques and pre-defined indexed catalogs. The ability to provide a consistent experience across devices, hence is becoming the competition focus for the home control solution provider.

Market Trends

Surging demand from smart home security solutions – Advancements in technologies enabling the development of smart and connected devices are leading to the development of a wide range of solutions for home security and home connectivity applications. Increased home safety, higher remote-control capability of devices, improved convenience, and reduction of energy bills are encouraging advancements in the home control solution industry. Smart home security solution is an internet enabled system that allows users to remotely control the security system at home and other personal areas through using the smartphone and other smart internet-enabled devices. The smart security hardware includes doors, locks, alarm systems, lightings, motion detectors, security camera systems etc. The smart home security system is usually connected through Wifi network, allowing users to get alert immediately through their smartphone. The smart home security solution has been increasingly popular over the past five

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years, which increased from US\$2.6 billion in 2013 to US\$6.5 billion in 2018, representing a CAGR of 20.1%. With the drivers mentioned above, it is forecasted that this segment will reach US\$18.2 billion by 2023, at a CAGR of 23.6%. As such, the home control solution market is expected to grow accordingly in the near future.

Introduction of voice recognitions – The demand for voice control is coming from media streaming devices such as OTT boxes, STBs and voice assisted in-home devices. Consumers increasingly expect voice control to aid in their entertainment experience. Voice is also overtaking typing as the main search input method in home control. The voice-activated remote-control unit comprises voice input picks up the user’s natural voice command and converting it into a digital voice signal. With voice recognition, the remote control present better user exercises by avoiding button pushing, transmit delays, lost progress, spelling exercises, and so on. The introduction of voice recognition, therefore, have contributed to the development of home control solution in recent years.

Market Challenges

Increased competition – The home control solution industry is highlighted by rapid technological innovation, evolving industry standard and high initial investment. Accordingly, in response to rapidly changing technologies and continual improvement of market know-how in smart home development is the key competition focus. In addition, high initial investment is required for research and development, which creates entry barrier to the new home control solution providers. Failure to keep up with industry trends and technological innovation would limit the growth.

Requirements for technology and architecture design – A combination of communication and intelligent controls is employed to support home control system, which also requires a new architecture design and the reengineering of the operational workflow in Smart home. As such, cross-discipline cooperation and technologies are required for the design, installation and maintenance of the systems. The complex working procedures would add time and cost to the home control systems. On the other hand, the industry requires personnel with high level of technical expertise and experience, including project managers and engineers. The increased competition would add difficulties in hiring and retaining of staff in the home control solution industry.

Rising popularity of smartphone apps – Smartphone apps are increasingly used in home automation. To a certain extent, the prevailing use of mobile apps in smart home poses a challenge to remote control. Device-specific phone apps in terms of ease of use and mobility have an edge, but it takes time for end-users to set-up, open, navigate and synchronize the apps with the relevant smart devices. Connected to the internet, the mobile phones installed with mobile apps receive a lot of messages and notifications that may distract user’s attention and even expose the user to leakage of personal information. Remote controls, on the other hand, are much faster and more streamlined, especially for giving a quick and straightforward command to smart devices. Users need to have a remote control for visitors or family members without smart phone, and they normally will not share personal smart phone simply to act as remote control. The incorporation of enhanced features such as keyboard, touchpad and end-to-end voice control in the handset further reduces the effort of the end-users to browse and navigate online content. In addition, remote controls powered by battery have lower energy consumption than phones, giving a longer and more stable performance. Remote controls, therefore, still remain the primary device to control TVs for end-users.

Impact of Trade War – Recently, US and the PRC has been engaged in a trade war where each country has planned to impose tariff on goods traded between two countries. On 6 July 2018, the U.S. government has released the first list of Chinese products, valued at US\$34 billion, that are subjected to a 25% tariff imposition. By undergoing several negotiations between US and the PRC government, US has further released a second list of tariffs on US\$16 billion worth of Chinese goods on 23 August 2018. Meanwhile, the PRC government has also set tariffs on US\$110 billion worth of US goods as a countermeasure. According to the second list, remote

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control devices have been included which are subject to additional 25% tariff. On 24 September, 2018, the third list, which valued at US\$200 billion and an additional 10% tariff was imposed, has been released by the U.S. government. On 5 May, 2019, the U.S. government has decided to further increase the tariff imposed on the third list of Chinese goods from 10% to 25%. On 17 May 2019, the U.S. Government released a fourth list of Chinese products, valued at approximately US\$300 billion, and on 1 August 2019, the U.S. President announced a 10% tariff on such goods beginning 1 September 2019. According to all four lists of tariff on Chinese goods, only the second list has included remote control devices manufactured in the PRC which has imposed additional 25% tariff. On 13 August 2019, the U.S. government announced the fourth tariff list for imposition of additional 10% import tariffs on US\$300 billion worth of Chinese goods, of which (i) certain products will be reclassified under category A ("List 4A") such as certain items of electrical appliances and will be remained subject to the additional 10% tariffs starting from 1 September 2019; and (ii) certain products will be reclassified under category B ("List 4B") such as mobile phones and computers. It will be remained subject to the additional 10% tariffs but the effective date will be delayed to 15 December 2019. Moreover, certain products are being removed from the tariff list based on health, safety, national security and other factors and will not face additional tariffs of 10 percent. Subsequent to the PRC government's announcement of an increase in tariffs on US\$75 billion of products imported from U.S. on 23 August 2019, the U.S. president immediately announced an increase in tariff level on (i) US\$250 billion worth of Chinese goods, which has been effective since July to September 2018, from 25% to 30% expected to be effective from 15 October 2019; and (ii) the items covered under List 4A and List 4B from 10% to 15%. As such, the tariff imposed on remote control devices manufactured in the PRC will be increased from 25% to 30%. However, on 11 October 2019, U.S. has decided to delay the tariff increase scheduled to come to effect on 15 October 2019 that would increase the tariff from 25% to 30% on US\$250 billion worth of Chinese goods, including remote control products. The development of trade war and its effects on the global economy are still unforeseen and therefore no conclusions can be assured that trade war will not materially and adversely affect the development of global sensing and control solutions market.

Cost Analysis

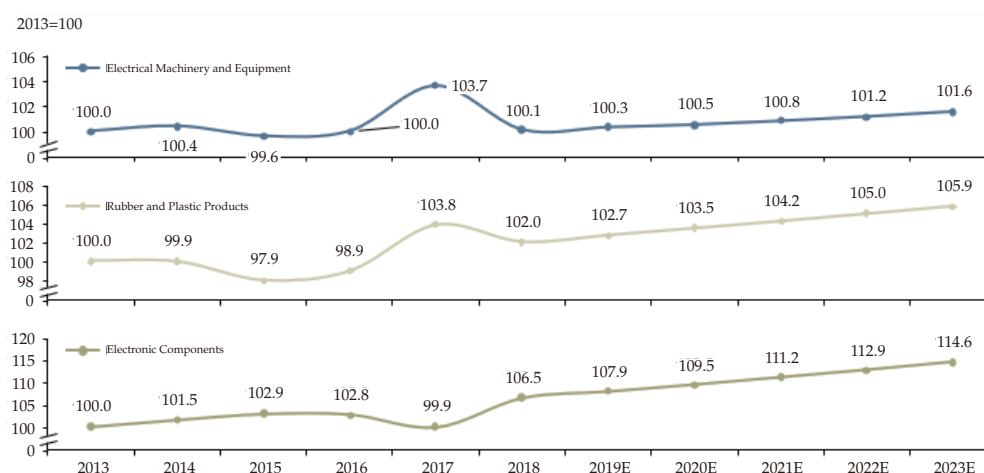
The average annual wage of employed persons in urban areas in the manufacturing industry in the PRC has recorded a steady growth from RMB46,431 in 2013 to RMB72,088 in 2018, representing a CAGR of 9.2% from 2013 to 2018, which was mainly attributable to the inflation and shortage of labour in manufacturing industry in the PRC. Looking forward, the average wage is forecasted to record a similar growth rate and reach RMB112,286 by 2023, representing a CAGR of 9.3% during 2019 to 2023.

The average monthly earning per employee in South East Asia countries has experienced a rapid growth in recent years due to the rapid local economic development and the relocation of production functions away from the PRC. The average annual wages in manufacturing industry in Cambodia has experienced a strong growth in recent years. During 2013 to 2018, the average annual wages in manufacturing industry in Cambodia has increased from US\$1,482 in 2013 to US\$3,654 in 2018, representing a CAGR of 19.8% from 2013 to 2018. However the cost of labour in Cambodia is still significantly lower than that in the PRC market, bringing advantages to shifting manufacturing base to Cambodia for better cost control. With the improving economy of Cambodia and increasing standard of living, the average annual wages is expected to reach US\$9,115 by 2023, representing a CAGR of 20.5% during 2019 to 2023.

Producer price index could indicate the average changes in price of a particular product or industry over the years. The average price of electrical machinery and equipment, and rubber and plastics products, which both are the major components of remote control, have experienced moderate increase with CAGRs of 0.02% and 0.40% respectively during 2013 to 2018. On the other hand, due to the rising stock level of and lowering demand for electronic components in the PRC, the price of electronic components in 2017 has returned to similar level as in 2013 after the rise during 2013 to 2016. It is estimated that the price of electrical machinery and equipment, rubber and plastic products, and electronic components will steadily grow at CAGRs of 0.3%, 0.7% and 1.5% respectively during 2019 to 2023.

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Producer Price Index of Selected Manufacturing Industry (the PRC), 2013-2023E



Source: Frost & Sullivan

COMPETITIVE LANDSCAPE OF HOME CONTROL SOLUTIONS

Ranking and Market Concentration

Based on Frost & Sullivan's estimation, there were more than 200 players in the global home control solution market in 2018. The top five players in aggregate contribute 52.9% of the entire global home control solution market in terms of revenue, and the rest of the market is fragmented with more than 200 market participants. The top three market players have manufacturing partners in the PRC, which has been the key manufacturing base for remote controls. The Group ranked second in the entire home control solution market in terms of revenue in 2018.

Ranking and Market Share of Leading Home Control Solution Market Participant by Revenue (Global), 2018

Rank	Company	Estimated Revenue in 2018 (US\$ Million)	Approximate Market Share (%)
1	Company A	565.5	31.1%
2	The Group	173.9	9.6%
3	Company B	108.2	6.0%
4	Company C	72.3	4.0%
5	Company D	41.2	2.3%
Top five subtotal		961.1	52.9%
Others		855.3	47.1%
Total revenue of global remote control market		1,816.4	100.0%

Source: Frost & Sullivan

Note:

Company A is an American smart home technology provider and manufacturer of universal remote controls and IoT devices. It is listed on the Nasdaq Stock Market.

Company B is a global electronics manufacturer with its headquarters in Japan. It is listed on Tokyo Stock Exchange.

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Company C is an Austrian-based private company engaging in remote control manufacturing mainly for set-top boxes, IPTV platform in European region.

Company D is a Korean listed company producing remote control products, including smart control, RF remote and LCD remote, as well as speaker parts in South Korea and internationally.

As estimated, there are approximately 50 players in the MSO/OTT STBs control solution market. The global MSO/OTT STBs control solution market is highly concentrated with the top three players contributing to 63.9% of the entire market in terms of revenue. In 2018, the Group recorded the revenue of US\$165.6 million for the provision of MSO/OTT STBs control solution services, accounting for 15.1% of the market share in the global market.

Ranking and Market Share of Leading Devices of MSO & OTT Brands Control Solution Market Participant by Revenue (Global), 2018

Rank	Company	Estimated Revenue in 2018 (US\$ Million)	Approximate Market Share (%)
1	Company A	452.4	41.4%
2	The Group	165.6	15.1%
3	Company B	81.2	7.4%
	Top three subtotal	699.2	63.9%
	Others	394.3	36.1%
	Total revenue of global MSO/OTT STBs control market	1,093.5	100.0%

Source: Frost & Sullivan

Entry Barriers

Industry expertise – Contrast to low-end remote controls, complete and integrated home control solutions are mainly provided to customers who are leading players in their respective industry and have high expectation on product quality. In light of increasingly stringent client requirements and rapidly changing market landscape, in-depth market knowledge and expertise level of automation of the manufacturing process are the key to capturing emerging market trends, improving existing products and introduction of new products with appealing features relevant to the customer’s preference. This can be a barrier for new entrants which usually have limited industry experience and expertise.

Established reputation and proven track record – New market entrants usually find it difficult to capture potential business contracts as they are unable to provide track record to customers. In comparison, existing market participants with proven track record and reputation are more likely also to gain confidence from customers in product quality, timely delivery of products and responsiveness to market demand for different product specifications. Moreover, the leading market participants have already built a strong relationship with their clients and it would incur high costs for the clients to switch to a new home control solution provider. Long-term co-development makes switching suppliers difficult and new entrant hard to grab a share.

Capital requirements – Home control solutions is considered a capital-intensive industry. Market participants are required to possess sufficient amount of capital and human resources to sustain their businesses, particularly product research and development (R&D) process, product pilot tests and daily operation costs. In particular, large amount of working capital is

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required for the large purchase volume of and payment terms with customers. Existing market participants may have already built up a profound and reliable customer base and supply network, so as to ensure a stable and smooth business operation and income flow as a comparative advantage over new market entrants. Therefore, new market entrants who would like to enter the home control solution market may have to overcome such high initial capital investment.

Competition Focus

Supply Chain Management – A well-constructed supply chain management system would enable a home control solution company to operate more efficiently thus decreasing their risks when procuring components and generating sales. In response to the changing market environment, the flexibility of shifting or relocating the manufacturing function is an indistinguishable asset to the home control solution providers.

Product Innovation Capabilities – The leading players in global home control solution industry are remarked by their capability of innovation and design according to market demand. Product innovation in light of changing consumer preferences and technological advancements continue to drive the innovation in the home control solution market. The growing uses of features including voice and touch, motion control functions would expedite the product development. Therefore, the ability to shift capacity to other product lines and reengineer production process in response to the changing market demand and requirements is an indistinguishable asset in the global home control solution industry.

Long Term Partnership and Reliability – With extensive coverage and long-term partnership with major players in the downstream industries, vigorous quality control system and sufficient capital required for research and development, large-scale home control solution providers are more reliable hence stand a better chance to receive the impetus from the market potential growth. Along with the fast-changing landscape of OTT, MSO and consumer electronics market, strong relationships with leading brands and market players will be crucial for home control solution providers to collect users' requirements and tap into growing segments through constant improvement and innovation. In addition, there are high switching cost for high volume customers, who place considerable value on consistent good quality and supply reliability, and early engagement needed to work with customers for new designs and prototypes and testing.

REGULATORY OVERVIEW

This section sets out a summary of the most significant aspects of laws and regulations in Singapore, the PRC and the United States that are material to our business operations.

SINGAPORE LAWS AND REGULATIONS

The following is a list of material laws and regulations applicable to our operations in Singapore:

Laws and regulations relating to employment

The rights of all employees employed under a contract of service with our subsidiary, Home Control Singapore, are governed under the Employment Act (Chapter 91 of Singapore) (“EA”), in particular, their rights to annual leave, sick leave and maternity leave, amongst others. In respect of (a) workmen who receive salaries not exceeding S\$4,500 a month and (b) employees (other than workmen or persons employed in a managerial or an executive position) who receive salaries not exceeding S\$2,600 a month, the EA governs additional aspects of their conditions of service such as hours of work, overtime and rest day, amongst others.

We are also required to make central provident fund contributions at monthly rates stated in the Central Provident Fund Act (Chapter 36 of Singapore) (the “CPF Act”). Under the CPF Act, every employer shall pay to the central fund monthly employee contributions at the appropriate rates as set out under the CPF Act.

Work injury compensation is governed under the Work Injury Compensation Act (Chapter 354 of Singapore) (the “WICA”) which provides that if any employment personal injury by accident arises out of and in the course of the employment is caused to an employee, the employer shall be liable to pay compensation in accordance with the provisions of WICA. Any employer who fails to insure himself in accordance with WICA shall be guilty of an offence and shall be liable to, on conviction, a fine not exceeding S\$10,000 or to imprisonment for a term not exceeding 12 months or to both. In this regard we have obtained a contract for insurance in accordance with WICA for the period commencing 1 January 2019 to 31 December 2019.

Laws and regulations relating to trade marks

The Trade Marks Act (Chapter 332 of Singapore) (“TMA”) governs the registration of trade marks in Singapore by our subsidiary, Home Control Singapore. There are three key criteria for registration under the TMA, namely, the subject matter must be (i) a “trade mark” which (ii) is “distinctive”, and (iii) does not conflict with an earlier trade mark. The registered proprietor of the trade mark generally has the exclusive right to use it in relation to the goods and services for which it is registered. The registration of a trade mark under the TMA is valid for 10 years from the date of application and can be renewed indefinitely for 10 year periods.

Laws and regulations relating to dividend distributions

Under the one-tier corporate tax system, dividends paid by any Singapore tax resident company are exempt from Singapore income tax. In other words, the corporate income tax paid by the Singapore tax resident company on its chargeable income is the final tax. Further, Singapore does not impose withholding tax on dividend distribution.

Laws and regulations relating to foreign exchange

As at the Latest Practicable Date, there are no foreign exchange control restrictions in Singapore.

PRC LAWS AND REGULATIONS

Incorporation, Operation, and Management of Corporate Entities

The establishment procedures, approval procedures, registered capital requirement, foreign exchange, accounting practices, taxation and labour matters of a wholly foreign-owned enterprise are regulated by the Wholly Foreign-owned Enterprise Law of the PRC (中華人民共和國外資企業法), and the Implementation Regulations of the Wholly Foreign-owned Enterprise Law of the PRC (中華人民共和國外資企業法實施細則), and the Interim Measures for Record-filing Administration of the Establishment and Change of Foreign-invested Enterprises (外商投資企業設立及變更備案管理暫行辦法).

On March 15, 2019, the SCNPC promulgated the Foreign Investment Law of the PRC (中華人民共和國外商投資法) (the “**Foreign Investment Law**”), which will come into force on 1 January 2020. Foreign Investment Law, upon taking effect, will repeal simultaneously the Law of PRC on Sino-foreign Equity Joint Ventures (中華人民共和國中外合資經營企業法), the Wholly Foreign-owned Enterprise Law of the PRC (中華人民共和國外資企業法) and the Law of the PRC on Sino-foreign Cooperative Joint Ventures (中華人民共和國合作經營企業法). Subject to the Foreign Investment Law, foreign invested enterprises incorporated before the enforcement of the Foreign Investment Law may keep their original organizational forms for five years after the enforcement of the Foreign Investment Law. And the specific implementing measures may be developed by the PRC State Council.

Any investments conducted by the foreign investors and foreign enterprises in the PRC shall be subject to the Special Administrative Measures for Access of Foreign Investment (2019 Edition) (外商投資准入特別管理措施(負面清單)(2019年版)) (the “**Negative List**”) and the Catalogue of Encouraged Foreign Investment Industries (2019 Edition) (鼓勵外商投資產業目錄(2019年版)), both of which were promulgated by the Ministry of Commerce (the “**MOFCOM**”) and the National Development and Reform Commission (the “**NDRC**”) on 30 June 2019 and came into effect since 30 July 2019. Industries which are not listed in the Negative list shall be classified as Encouraged Foreign Investment Industries. Our Business does not fall within the Negative List.

Quality of Product

The principal legal provisions governing product liability are set out in the Product Quality Law of the PRC (中華人民共和國產品質量法) (the “**Product Quality Law**”). The Product Quality Law is applicable to all activities of production and sale of any product within the territory of the PRC, and the producers and sellers shall be liable for product quality in accordance with the Product Quality Law.

Importation and Exportation of the Goods

Pursuant to the Foreign Trade Law of the PRC (中華人民共和國對外貿易法), foreign trade dealers engaged in the import and export of goods or technology shall register with the authority responsible for foreign trade under the State Council or its authorized bodies unless the laws and regulations and the authority responsible for foreign trade under the State Council do not require so. Where foreign trade dealers fail to register as required, the customs authority shall not process the procedures of declaration, examination and release of the imported and exported goods.

According to the Measures for the Record-keeping and Registration by Foreign Trade Dealers (對外貿易經營者備案登記辦法), where any foreign trade business operator undertaking the import or export of goods or technology shall go through the record filing and registration process with the MOFCOM or institutions entrusted by the MOFCOM. Those for whom there is no need to make record filing and registration as prescribed by law, administrative regulations and the provisions of the MOFCOM, shall be excluded. In case a foreign trade business operator fails to go through the record filing and registration process according to these Measures, customs shall not handle the formalities for import/export declaration of release.

According to the Administrative Provisions for the Registration of Customs Declaration Agents by the PRC Customs Authorities (中華人民共和國海關報關單位註冊登記管理規定), consignors and consignees of imported and exported goods carry out the customs declaration entity registration formalities with their local Customs in accordance with the applicable provisions. Such consignors and consignees may handle their own customs declarations for their imported and exported goods at any customs port or any locality where customs supervisory affairs are concentrated within the customs territory of the PRC.

Laws and Regulations relating to PRC Taxation

Enterprise Income Tax

The main laws governing the enterprise income tax are Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法) and the Implementation Rules for the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法實施條例) (collectively, the “EIT Law”). According to the EIT Law, foreign invested enterprises in the PRC are subject to a uniform EIT Rate of 25%. Notice on Promoting Nationwide the Corporate Income Tax Policy Formerly Applicable to Technologically-advanced Service Enterprises Located in Pilot Areas for the Innovative Development of Trade in Services (關於將服務貿易創新發展試點地區技術先進型服務企業所得稅政策推廣至全國實施的通知) was promulgated by the State Administration of Taxation (the “SAT”), the Ministry of Finance, the Ministry of Science and Technology, MOFCOM and NDRC on 19 May 2018, technologically-advanced service enterprises are subject to the reduced EIT Rate of 15%.

Dividend Tax

Pursuant to the agreement between the Government of PRC and the Government of the Republic of Singapore for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (中華人民共和國政府和新加坡共和國政府關於對所得避免雙重徵稅和防止偷漏稅的協定), the dividends paid by a resident company of one contracting

REGULATORY OVERVIEW

state to a resident of the other contracting state may be taxed in the other state. However, these dividends may be taxed on the contracting state in which the paying company is a resident in accordance with the laws of that contracting state. But, if the beneficial owner of the dividends is a resident of the other contracting state, the tax levied (i) shall not exceed 5% of the total amount of the dividends, where the beneficial owner is a company (excluding partnership) and directly holds at least 25% equity shares in the dividend paying company; and (ii) shall not exceed 10% of the total amount of the dividends, in other circumstances.

Value-added Tax

All entities and individuals engaged in the sales of goods, provision of processing, repairs and replacement services, and the importation of goods within the territory of the PRC shall pay value-added tax (the “VAT”) in accordance with the Provisional Regulations on Value-added Tax of the PRC (中華人民共和國增值稅暫行條例) and its implementation rules. Based on the Announcement on Policies for Deepening the VAT Reform (關於深化增值稅改革有關政策的公告), starting from 1 April 2019, the rate of VAT is 13% or 9% or 6% in certain limited circumstances depending on the product type.

Laws and Regulations relating to Foreign Exchange

Pursuant to the Foreign Exchange Administration Regulations (中華人民共和國外匯管理條例), Renminbi is freely convertible for current account items, including the trade and service-related foreign exchange transactions, the distribution of dividends, interest payments, but not for capital account items, such as direct investments, loans unless prior approval from the SAFE is obtained and prior registration with the SAFE is made. In June 2015, the SAFE promulgated the Notice of the State Administration of Foreign Exchange on Reforming the Administration of Foreign Exchange Settlement of Capital of Foreign-invested Enterprises (國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知), or the SAFE Circular 19. The SAFE further promulgated the Notice of Reforming and Regulating Policies on the Control over Foreign Exchange Settlement of Capital Accounts (國家外匯管理局關於改革和規範資本項目結匯管理政策的通知), or the SAFE Circular 16 on 9 June 2016, which, among other things, amends certain provisions of SAFE Circular 19. Pursuant to SAFE Circular 19 and SAFE Circular 16, the flow and use of the Renminbi capital converted from foreign currency denominated registered capital of a foreign-invested company shall not be used for business beyond its business scope, or to provide loans to persons other than affiliates unless otherwise permitted under its business scope. Violations of SAFE Circular 19 or SAFE Circular 16 could result in administrative penalties.

Laws and Regulations relating to Intellectual Property

Trademark law

The Trademark Law of the PRC (中華人民共和國商標法) was promulgated by the NPC Standing Committee in August 1982 and most recently amended on 23 April 2019, and the Implementation of Trademark Law of the PRC (中華人民共和國商標法實施條例) was promulgated by State Council in August 2002 and amended in April 2014. These laws and regulations provide the basic legal framework for the regulations of trademarks in the PRC. In the PRC, registered trademarks include commodity trademarks, service trademarks, collective trademarks and certificate trademarks. The Trademark Office of National Intellectual Property

Administration is responsible for the registration and administration of trademarks throughout the country. Trademarks are granted on a term of ten years. Applicants may apply for an extension of twelve months prior to the expiration of the ten-year term.

Patent Law

Patents in the PRC are mainly protected under the Patent Law of the PRC (中華人民共和國專利法) and its implementation rules (中華人民共和國專利法實施細則). The Patent Law of the PRC and its implementation rules provide for three types of patents, “invention”, “utility model” and “design”. The duration of a patent right for “invention” is 20 years, and the duration of a patent right for “utility model” or “design” is 10 years, from the date of application.

Laws and Regulations relating to Labour and Safety

Pursuant to the Labour Law of the PRC (中華人民共和國勞動法) and the Labour Contract Law of the PRC (中華人民共和國勞動合同法), labour contracts shall be concluded in writing if labour relationships are to be or have been established between enterprises or entities on one hand and the labourers on the other hand.

As required under the Regulation of the Interim Regulation on the Collection and Payment of Social Insurance Premiums (社會保險費徵繳暫行條例), promulgated on 22 January 1999, amended on 24 March 2019, and the Social Insurance Law of the PRC (中華人民共和國社會保險法) implemented on 1 July 2011 and amended on 29 December 2018, enterprises are obliged to provide their employees in the PRC with welfare schemes covering pension insurance, unemployment insurance, maternity insurance, labour injury insurance and medical insurance. Enterprises must apply for social insurance registration with local social insurance agencies and pay premiums for their employees. If an enterprise fails to pay the required premiums on time or in full amount, the authorities in charge will demand the enterprise to settle the overdue amount within a stipulated time period and impose a daily overdue fine equivalent to 0.05% of the overdue amount. If the overdue amount is still not settled within the stipulated time period, an additional fine with an amount of one to three times the overdue amount will be imposed.

Pursuant to the Regulations on the Administration of Housing Provident Fund (住房公積金管理條例), which became effective on 3 April 1999 and amended on 24 March 2002 and 24 March 2019, an enterprise (including a foreign investment enterprise) shall undertake the registration with the administrative centre of housing provident funds and pay the funds for their employees. If an employer, in violation of the aforesaid regulations, fails to undertake registration or to open the housing provident funds account for its employees, the administrative centre of housing provident funds will impose an order for completion within prescribed time limit; if such employer further fails to process within the aforesaid time limit, a fine ranging from RMB10,000 to RMB50,000 will be imposed. On the other hand, if an enterprise, in violation of the aforesaid regulations, fails to pay or to fully pay the housing provident funds, the administrative centre of housing provident funds will impose an order for payment within a prescribed time limit; if such enterprise further fails to make payment within the aforesaid time limit, the centre shall have the right to apply for compulsory enforcement in court.

REGULATORY OVERVIEW

The M&A Rules

On 8 August 2006, six PRC governmental agencies jointly issued the Rules on the Acquisition of Domestic Enterprises by Foreign Investors (as amended, re-promulgated and effective on 22 June 2009) (關於外國投資者併購境內企業的規定) (the “M&A Rules”).

The M&A Rules require offshore special purpose vehicles formed to pursue overseas listing of equity interests in PRC companies and controlled directly or indirectly by PRC companies or individuals to obtain the approval of the CSRC prior to the listing and trading of such special purpose vehicle’s securities on any stock exchange overseas.

UNITED STATES LAWS AND REGULATIONS

Businesses operating in the United States are subject to a variety of governmental standards and regulations (“U.S. Regulations”). The US Regulations expected to be material to our operations are those relating to product safety and customs and imports procedures, as described below.

In addition to the U.S. Regulations described below, we are also subject to federal, state and local employment laws as well as certain regulations promulgated by the Federal Communications Commission of the United States relating to the radio frequency emissions of our products.

Product Safety

In the United States, there are two separate and distinct bodies of law that govern product safety for the protection of end users: product liability law (“**Products Liability Law**”) and product safety regulations (“**Product Regulations**”). Products Liability Law allows consumers, users and sometimes even bystanders to initiate claims against manufacturers, retailers and other parties in the supply chain for any injuries or losses resulting from unsafe, defective or dangerous products sold to consumers.

Product Regulations, by contrast, are administered primarily by the Consumer Product Safety Commission (the “**CPSC**”), an administrative agency of the United States federal government that regulates certain classes of products sold to the public. The CPSC has jurisdiction over the safety and labeling of consumer products pursuant to certain statutes.

Products Liability Law

There is no federal Products Liability Law in the United States. As such, each state determines the liability of product designers, manufacturers, distributors and sellers. Several states have passed statutes relating to Products Liability Law but most Products Liability Law is based on common law and is similar in most jurisdictions.

There are four basic theories upon which an injured party may base its claim against a product designer, manufacturer, distributor or seller (each a “**defendant**”): strict products liability, negligence, breach of warranty, and tortious misrepresentation.

REGULATORY OVERVIEW

Strict Products Liability

Strict products liability is generally the most common cause of action asserted in lawsuits involving allegedly defective products. Under strict products liability, any alleged defect or accident may be recoverable regardless of the degree of carefulness exercised by the defendant. Legal analysis in strict products liability claims focuses on the defectiveness of the product rather than the conduct of the defendant. A product may be considered to be defective if it does not conform to design specifications or performance standards, if it deviates in some material way from otherwise identical units in the same product line, is designed or configured in such a way as to be unreasonably dangerous or because it lacks proper warning or instructions.

Negligence

Unlike strict liability claims, negligence claims require a plaintiff to prove that (1) the defendant owed the plaintiff a duty of due care, (2) the defendant breached that duty by furnishing a defective product, and (3) the defendant's breach caused the plaintiff's injury.

The defendant has a duty to exercise reasonable care at every phase of production of the product: from the design of the product, its packaging, its distribution and instructions provided to consumers for use of the product. A defendant may be held liable for a failure to use due care at any phase of the production and distribution of the offending product.

Breach of Warranty

Breach of warranty claims are governed by United States contract law. Article 2 of the Uniform Commercial Code (the "UCC"), which has been adopted in some form in every state in the United States, governs the sale of goods. Under the UCC, there are two types of warranties: express and implied. An express warranty can be created by a representation by a seller, or by showing a sample of a product to a buyer where a buyer reasonably assumed that any additional quantities purchased would be of the same quality as the first. An implied warranty, on the other hand, is presumed to exist unless the buyer clearly and unambiguously disclaims it in writing as part of the sales agreement. A defendant may be liable for a breach of either an express or implied warranty.

Tortious Misrepresentation

Finally, misrepresentation claims are similar to breach of warranty claims. A defendant will be liable if it in that it misrepresented a material fact about the product which then causes either damage or injury. Rules governing misrepresentation claims vary among the various jurisdictions in the United States and may either be statutory in the form of state consumer production laws or based on state common law.

Import Tariffs and Customs Duties

United States customs regulations ("**Custom Regulations**") apply to any products entering the United States. Customs Regulations require any entity importing products into the United States to provide United States Customs and Border Protection ("**CBP**"), a division of the Department of Homeland Security, with a commercial invoice relating to any imported products

REGULATORY OVERVIEW

(a “**Commercial Invoice**”). Such Commercial Invoice must include, in addition to certain other information the following: the port of entry of the product, the time and place of sale, names of the buyer and seller of the product, a detailed description of the product, the quantities and weights of the product, the purchase price of the product and the country of origin of the product.

Anti-Dumping Regulations

Companies that import products into the United States are also subject to a variety of “anti-dumping and anti-subsidization laws” under Title VII of the Tariff Act of 1930. Under these regulations, the U.S. Commerce Department conducts investigations as to whether any import is being sold at less than its fair market value in the United States (“**dumping**”) and/or whether a foreign government is subsidizing the production of the import (“**subsidization**”). Under such an analysis, dumping will have been deemed to occur if such import is sold below the producer’s sale price in its domestic market or if it is sold at a price lower than the cost of production. Subsidization will be deemed to have occurred if a foreign government provides financial assistance for the production, manufacture or export of such import. If the US Commerce Department determines that dumping or subsidization is occurring, US International Trade Commission (“**USITC**”) will then examine whether there is a material injury or threat of injury to any U.S. industry. If the USITC finds evidence of such an injury or threat, additional duties will be imposed on the import.

HISTORY AND GROUP STRUCTURE

HISTORY AND DEVELOPMENT

We are a globally leading home control solution provider headquartered in Singapore, with worldwide presence in North America, Europe, Asia and Latin America. In addition to our headquarters in Singapore, we have set up regional sales or liaison offices in the U.S., Belgium, Brazil, the PRC, India and Taiwan, all strategically located to facilitate the procurement of our major customers located in the same or nearby geographical region and speedy provision of our customer services in the respective geographical markets.

Our Company was incorporated under the laws of the Cayman Islands as an exempted company with limited liability on 24 December 2014, and has been wholly owned by NHPEA since incorporation.

The home control business now carried out by us was founded and originally operated by Philips, one of the world's largest electronics companies, as its home control business unit since 1992 until the MS Acquisition by NHPEA in April 2015. Home Control Singapore, related entities as well as employee base and business contracts related to the home control business had been set aside by Philips and operated as an independent business prior to the MS Acquisition, as part of its overall business realignment initiatives.

NHPEA is an investment holding company incorporated with limited liability under the laws of the Netherlands on 22 December 2014, which is controlled by NHPEA L.P., a fund managed by the private equity arm of Morgan Stanley. Please see section headed "Substantial Shareholders" for more details on the shareholding structure.

NHPEA L.P. is a financial investor. As part of its investment portfolio, NHPEA, through our Company, acquired the entire stake of Home Control Singapore and the home control solution business from Philips in April 2015 under the MS Acquisition and has become our sole Shareholder.

Regarding the MS Acquisition, the total consideration paid by the Company for the acquisition of the entire stake of Home Control Singapore in April 2015 is EUR30,000,000 (equivalent to approximately HK\$259,723,200).

Determination of the consideration for the MS Acquisition was based on arm's length negotiations between NHPEA and Philips after taking into consideration (i) the status as private company and non-core business unit in Philips, and (ii) the operating and financial performance of the business.

On the basis that NHPEA will be holding 412,500,000 Shares immediately after the Capitalisation Issue but before the completion of the Global Offering (and before the Over-allotment Option is exercised), the average consideration paid per Shares held by NHPEA will be approximately HK\$0.63, representing approximately 50% discount to the Offer Price. The discount to the Offer Price is calculated on the assumption that the Offer Price is HK\$1.26, being the mid-point of the indicative Offer Price range of HK\$1.02 to HK\$1.49.

HISTORY AND GROUP STRUCTURE

OUR MILESTONES

Set out below are the significant milestones of our corporate and business development:

Year	Milestones
1992	Our home control business commenced as a business unit of Philips
2002	We licensed our remote control technologies to a leading multinational technology company that develops and licenses software and operating systems for use in its home media products
2006	We further licensed our remote control technologies to such leading multinational technology company that develops and licenses software and operating systems for use in its gaming device products
2013	We started mass production of multi-media remote keyboards
2014	We started mass production of voice remote controls
2015	NHPEA, through our Company acquired Home Control Singapore and the home control solution business from Philips under the MS Acquisition. NHPEA became our sole Shareholder We introduced “Vanguard”, an innovative one touch remote control with full heads up control experience
2015-2016	We underwent some business relocations to PRC to improve cost efficiency, including: <ul style="list-style-type: none">• We moved our principal product assembly process from Indonesia to the PRC, by engaging and outsourcing to new manufacturing partner and our existing manufacturing partner in the PRC in replacement of our then manufacturing partner in Batam, Indonesia• We shifted part of our R&D operation from Singapore to Suzhou, PRC
2016	We set up our subsidiary in Brazil, Omni Brazil, to manage sales activities and provide regional sales support to our customers in Latin America We also set up liaison offices in India and Taiwan to support our local customers We introduced “Stealth”, a smart sensor-enabled remote control with concealed keys that illuminates only when it is in use

HISTORY AND GROUP STRUCTURE

Year	Milestones
2018	<p>Xiaomi, whose parent company is one of the world’s leading OTT platform and smart devices providers based in the PRC, became our customer</p> <p>SkyUK, a direct-to-consumer media and entertainment company which is based in U.K., became our customer</p> <p>We added a new manufacturing partner in Cambodia to save production and labour costs in the PRC and to diversify the source of assembly services</p> <p>We introduced “Forzare”, a force-sensitive remote control that outputs different command with a soft or hard press</p>

CORPORATE DEVELOPMENT

Our Group consists of our Company, HCIL Master Option, Home Control Singapore, Home Control Europe, Premium Home Control Solutions, Omni Brazil, Home Control Suzhou and HCS (Suzhou).

Our Company

Our Company was incorporated under the laws of the Cayman Islands as an exempted company with limited liability on 24 December 2014. Upon incorporation, the authorised share capital of our Company is US\$50,000 divided into 50,000 shares of a par value of US\$1.00 each. Upon incorporation, one ordinary share of a par value of US\$1.00 was allotted and issued for cash at par to an independent third party as first subscriber. On the same day, such share was transferred to NHPEA at par. On 30 April 2015, 100 ordinary shares of a par value of US\$1.00 were further allotted to NHPEA. After the completion of the allotment and share transfer, the 101 ordinary shares of a par value of US\$1.00 each, representing the entire issued share capital of our Company, were entirely owned by NHPEA.

On 14 October 2019, written resolutions of our sole Shareholder have been passed pursuant to which each of the existing issued and unissued shares of our Company of a par value of US\$1.00 each was conditionally subdivided into 5,000,000 Shares of a par value of US\$0.01 each, such that immediately following the share subdivision, our Company has an authorised share capital of US\$50,000 divided into 5,000,000 Shares of a par value of US\$0.01 each. As a result of the share subdivision, NHPEA became the holder of 10,100 Shares of a par value of US\$0.01 each, representing the entire issued share capital of our Company. Further information on our Company is set forth in the “Statutory and General Information — A. Further Information About Our Group — 2. Changes in share capital of our Company” in Appendix IV to this prospectus.

HISTORY AND GROUP STRUCTURE

HCIL Master Option

HCIL Master Option was incorporated under the laws of the Cayman Islands as an exempted company with limited liability on 9 April 2015. The authorised share capital of HCIL Master Option is US\$50,000 divided into 50,000 shares of a par value of US\$1.00 each. Upon incorporation, one share was allotted and issued for cash at par to an independent third party as the first subscriber. On the same day, such share was transferred to our Company at par. After the completion of the share transfer, the one share, representing the entire issued share capital of HCIL Master Option, was entirely owned by our Company. HCIL Master Option is an entity for the sole purpose of holding the options granted under the 2015 Stock Option Plan.

Home Control Singapore

Home Control Singapore is our headquarters with management, finance, global human resources, operations, marketing and innovation heads. It is also our subsidiary for the promotion and sales of our products in Asia. It was incorporated in Singapore with limited liability by Philips on 10 October 2012. On 30 April 2015, our Company acquired from Philips 31,628,400 shares of Home Control Singapore, representing all issued share capital of Home Control Singapore pursuant to MS Acquisition. Since then, Home Control Singapore has become a direct wholly-owned subsidiary of our Company.

Home Control Europe

Home Control Europe is our subsidiary for the promotion and sales of our products in Europe. It was incorporated in Belgium with limited liability on 26 December 2013. As of 1 January 2016, the commencement date of the Track Record Period, Home Control Europe has an issued share capital of 7,000 shares, all of which were held by Home Control Singapore. Home Control Europe has been a direct wholly-owned subsidiary of Home Control Singapore.

Premium Home Control Solutions

Premium Home Control Solutions is our subsidiary for the promotion, sales and supply chain management of our products in the North America. It was incorporated in Delaware, U.S. as a limited liability company by Philips Electronics North America on 12 March 2015, with an initial capital contribution of US\$1,000. As part of the MS Acquisition, Home Control Europe acquired from Philips the entire membership interest of Premium Home Control Solutions. Since then, Premium Home Control Solutions has been a direct wholly-owned subsidiary of Home Control Europe.

Omni Brazil

Omni Brazil is our subsidiary for managing the sales activities and providing regional sales support to our customers in Latin America. Omni Brazil was incorporated in Brazil with limited liability on 20 June 2016, with an initial capital stock of Omni Brazil is R\$500,000 divided into 100,000 quotas (“**Quotas**”) of R\$5.00 each, among which 99,900 Quotas were held by Home Control Singapore and 100 Quotas were held by Mr. Alain Perrot. Since incorporation, Omni Brazil has been 99% owned by Home Control Singapore and 1% owned by Mr. Alain Perrot. Omni Brazil is a direct non-wholly owned subsidiary of Home Control Singapore.

HISTORY AND GROUP STRUCTURE

Home Control Suzhou

Home Control Suzhou is our subsidiary for the promotion and sales of our products in the PRC. It is a wholly foreign-owned enterprise established by Home Control Singapore on 28 July 2015 in the PRC with a registered capital of US\$1 million. The registered capital was increased to US\$2 million on 3 February 2016. The entire registered capital of Home Control Suzhou was paid up by Home Control Singapore as at 21 June 2017. Home Control Suzhou has been a direct wholly-owned subsidiary of Home Control Singapore since its establishment.

Our PRC Legal Advisers confirmed that the registered capital of Home Control Suzhou had been fully paid up.

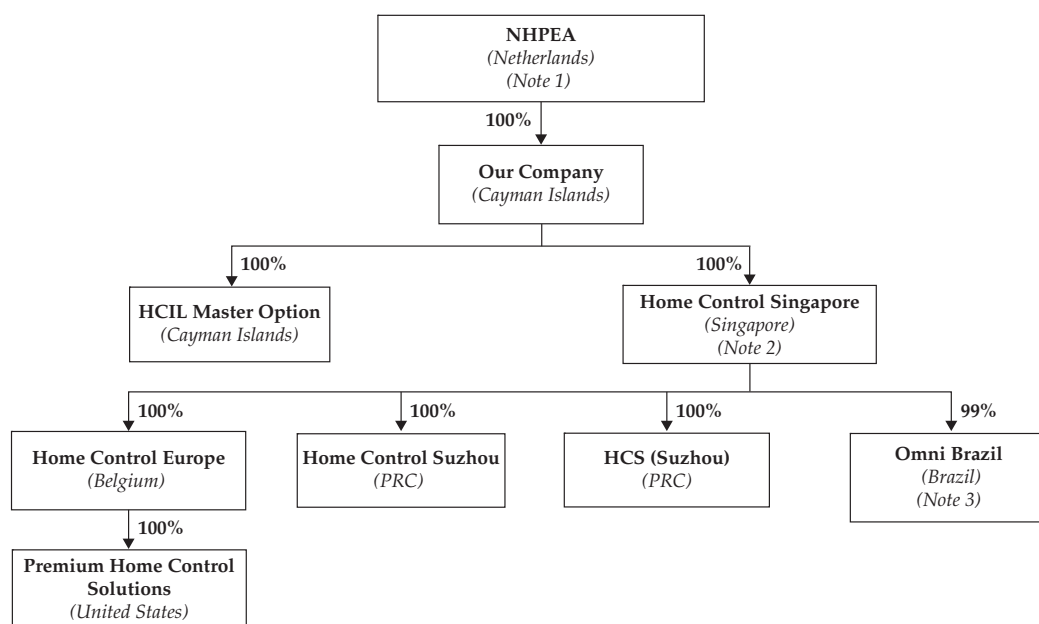
HCS (Suzhou)

HCS (Suzhou) is our subsidiary for the R&D, purchasing, quality and operations management in the PRC. It is a wholly foreign-owned enterprise established by Philips on 3 March 2011 in the PRC with a registered capital of US\$0.3 million. The entire equity interest of HCS (Suzhou) was transferred to Home Control Singapore on 4 February 2013. Upon completion of the equity transfer, HCS (Suzhou) has become a directly wholly-owned subsidiary of Home Control Singapore.

Our PRC Legal Advisers confirmed that the registered capital of HCS (Suzhou) had been fully paid up.

CORPORATE STRUCTURE IMMEDIATELY BEFORE COMPLETION OF THE GLOBAL OFFERING AND THE CAPITALISATION ISSUE

The following chart sets forth our corporate and shareholding structure immediately before completion of the Global Offering and the Capitalisation Issue (assuming the Over-allotment Option is not exercised and without taking into account any Shares to be allotted and issued upon exercise of any options under the 2015 Stock Option Plan):



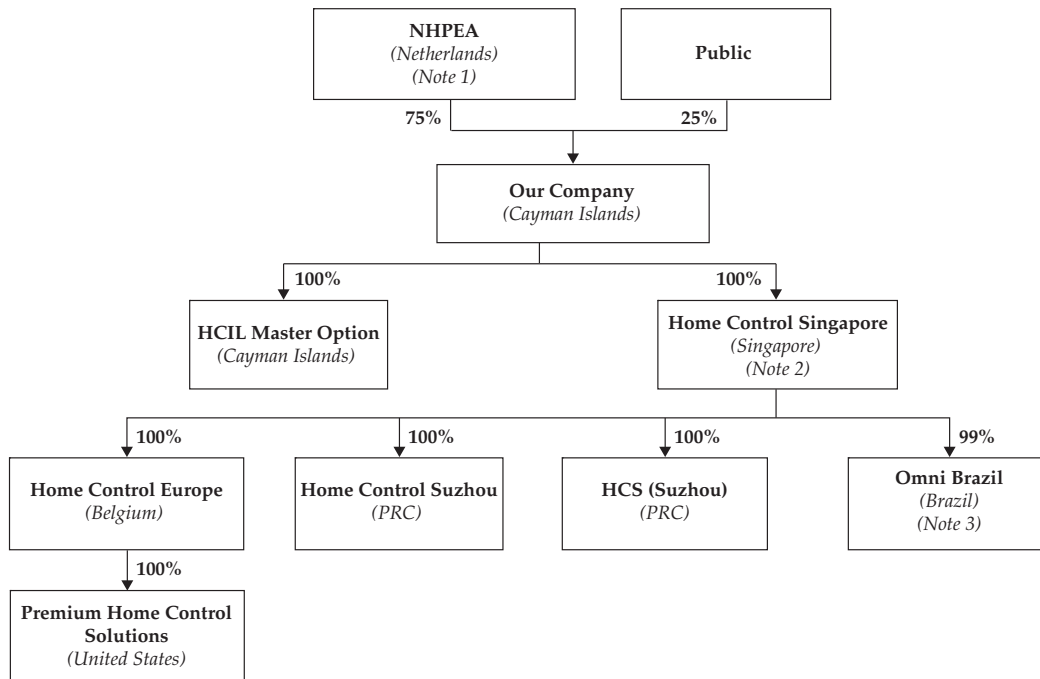
HISTORY AND GROUP STRUCTURE

Notes:

1. NHPEA was incorporated with limited liability under the laws of the Netherlands on 22 December 2014, which is controlled by NHPEA L.P., a fund managed by the private equity arm of Morgan Stanley.
2. Home Control Singapore has one representative office in Taiwan and one liaison office in India.
3. Omni Brazil is 99% owned by Home Control Singapore, with the remaining 1% owned by Mr. Alain Perrot, our chief executive officer and executive Director.

CORPORATE STRUCTURE UPON COMPLETION OF THE GLOBAL OFFERING AND THE CAPITALISATION ISSUE

The following chart sets forth our corporate and shareholding structure immediately after completion of the Global Offering and the Capitalisation Issue (assuming the Over-allotment Option is not exercised and without taking into account any Shares to be allotted and issued upon exercise of any options under the 2015 Stock Option Plan):



Notes:

1. NHPEA was incorporated with limited liability under the laws of the Netherlands on 22 December 2014, which is controlled by NHPEA L.P., a fund managed by the private equity arm of Morgan Stanley.
2. Home Control Singapore has one representative office in Taiwan and one liaison office in India.
3. Omni Brazil is 99% owned by Home Control Singapore, with the remaining 1% owned by Mr. Alain Perrot, our chief executive officer and executive Director.

OVERVIEW

We are a globally leading home control solution provider headquartered in Singapore, with worldwide presence in North America, Europe, Asia and Latin America. Including the period during which we operated as the home control division of Philips before the MS Acquisition, we have been operating in the home control solution industry for over 25 years. We develop and offer high quality and bespoke remote controls for a vast array of STBs of MSO and OTT devices as well as smart TVs. Over the years, we have developed global partnership with internationally renowned MSOs as well as TV and OTT device brands and/or their respective suppliers in the design and development of remote controls, which are shipped to more than 40 countries. We are a key player in the global market. We were the second largest home control solution provider in the world in 2018, with a share of 9.6% in the world's home control solution market, according to Frost & Sullivan.

We have a sticky blue-chip customer base, thanks to our core competitive strengths and relentless efforts of our experienced senior management and professional staff force. Our customers include reputable TV and OTT device brands such as Airtel in India, SkyUK, British Telecom and Vodafone in the U.K., Orange in Poland, Foxtel in Australia, AT&T and Frontier in the U.S., Liberty Global in the Netherlands and consumer electronic brands such as Xiaomi and Hisense in the PRC. These customers are the famous or leading players in their respective markets. A significant portion of our major customers are located in North America and Europe, which in aggregate accounted for more than 50% in each MSO and OTT segment of the global subscription broadcasting and TV streaming market in 2018, according to Frost & Sullivan. With our established reputation and continual efforts to provide cutting-edge technology and innovative product features, we have successfully developed our corporate image as a trusted and reliable partner and nurtured a solid partnership with blue-chip customers who place considerable value on product quality and reliability. Including the period during which we operated as the home control division of Philips before the MS Acquisition, we have developed business relationship with most of our major customers during the Track Record Period for one year to over 13 years. Our strong and stable customer portfolio is a testament to our overall strength and capability in the industry.

We are endeavoured to offer complete and seamless home control solutions to customers. The solutions we provide encompass all key stages for developing and manufacturing remote controls, which include conceptualisation, joint product development, commercialisation and optimisation of products, software and hardware integrations, supply chain management, production management and after-sales services. We, through our designated sales personnel and a team of professional engineers, work closely with our customers and offer customised design and technical solutions that correspond to their business needs and brand identity, and apply the latest technologies to enhance product features and performance, with an aim to simplify user's interactions and deliver effortless experience to end-users. We maintain a strict control over the supply chain, from the sourcing of components to the assembly process by our selected manufacturing partners situated in different countries, for ensuring that products sold by us are of consistently high quality.

BUSINESS

We take pride in our R&D capability. We have over 200 invention patents (including granted patents and patents under examination). We own one of the two most comprehensive IR and code databases in the world that combine IR and code with automatic setup algorithm, allowing users of our control devices to access to and enable the control functions of a vast number of TV and IR controlled STBs. We have seasoned innovation and R&D teams, which made up of around 45% of our total number of staff as at 30 April 2019, and comprised over 80 engineers stationed in Singapore and Suzhou, the PRC, who stay at the technological forefront of the industry and continuously evolve our products. The design, ease of use and efficiency of the remote control is fundamental to the user overall experience. Thus, our innovation and R&D teams relentlessly research into and improve our product design, ergonomics, connectivity, user engagement and intuitive control, in an effort to bring to the end-users the best products for their devices. Leveraging on our strong R&D capability, our product solutions cover a wide range of remote control devices, from fully customised and high-end finished remote control with wireless and digital features such as voice, touch or gesture recognition to an off-the-shelf remote control with standard configurations. Our comprehensive product portfolio allows us to provide a customised solution to customers with varying requirements across different geographical markets.

We have a complete supply chain management and strong sourcing network. Our suppliers comprise component suppliers and manufacturing partners providing assembly service. For FY2018, we sourced key components from over 100 suppliers in aggregate for ensuring a stable supply of components. We make procurement directly from component suppliers for the assembly work of key remote control projects undertaken by our manufacturing partners as a way to effectively maintain the quality of products handled by our manufacturing partners.

With respect to the outsourcing arrangement, we adopt different models as we consider cost-efficient. We generally outsource the labour intensive assembly process to our manufacturing partners. For key remote control projects which involve longer product life cycle, higher technical complexity and stringent customer requirements, we maintain a complete control over supply chain under which we are closely involved in the production process and are responsible for product design and commercialisation, sourcing of raw materials suppliers and procurement of components. The production process of key remote control projects would be under our close supervision and management. For remote control projects which require lower technical content, we oversee the supply chain and product quality. We will not be responsible for the sourcing of raw material suppliers or the procurement of raw materials and we only ensure that the production process is able to meet our internal standards and requirements. As we have retained a high degree of control over the supply chain, we are flexible in moving the assembly process among different manufacturing partners and jurisdictions in response to changing market and economic environment. Our outsourcing arrangement allows us to adopt an asset-light model in our supply chain management under which we are able to minimise our fixed asset investment, maintenance and labour costs and operational risks.

Due to the increasing production and labour costs in the PRC and to diversify the source of assembly services, we began to initiate the move of our assembly process from some of our manufacturing partners in the PRC to our manufacturing partner situated in Cambodia since February 2017. We accelerated the process of diversifying the source of assembly services to

Cambodia in the second half of 2018 in light of the intensifying Sino-U.S. trade conflicts. For details, see “Our Customers — Recent intensification of Sino-U.S. trade conflicts” in this section.

We principally serve the subscription broadcasting and TV streaming market, which is a large market with strong sales potential. Subscription broadcasting and TV streaming market can be broadly divided, by broadcasting channels, into MSO and OTT segments. According to Frost & Sullivan, OTT is a very fast-growing segment in the world. Revenue generated under the global OTT market has risen significantly from US\$24.6 billion in 2013 to US\$68.7 billion in 2018, representing a CAGR of 22.8%. North America is the largest among the other regions, growing from US\$11.4 billion in 2013 to US\$31.7 billion in 2018, representing a CAGR of 22.7%. On the other hand, according to Frost & Sullivan, in 2018, the size of MSO market across the world and in North America in terms of revenue amounted to US\$174.8 billion and US\$88.4 billion, respectively. Despite there was a decline in market size compared to 2013 due to the decline in the subscription fee as a result of increasing competition and the change in users’ preference over the way to gain access to entertainment and media content which resulted in the shift of some subscribers to the OTT market, the size of MSO market remains large and its customer base is still expanding, with North America remaining the largest MSO market in the world, accounting for 50.6% of the global MSO market in 2018. In addition, from 2013 to 2018, with the development of MSO market in Latin America and Europe, revenues of MSO market in these two regions increased at CAGRs of 1.6% and 0.1% respectively. Further, the development of the home control solutions market is related to the expansion of user base, which generally refers to the number of MSO and OTT services subscribers. According to Frost & Sullivan, the overall number of subscribers of MSO and OTT services increased from 1,087.5 million in 2013 to 1,752.7 million in 2018, representing a CAGR of 8.5%, and is forecasted to grow at a CAGR of 5.0% from 2019 to 2023. We provide home control solutions to players in both MSO and OTT markets. As the world leading provider of home control solutions with global business presence, we are well-positioned to capture the abundant sales opportunities in subscription broadcasting and TV streaming market.

We have a solid financial outlook. We recorded an increase in revenue from US\$136.1 million for FY2016 to US\$150.1 million for FY2017, and to US\$173.9 million for FY2018 and an increase in adjusted EBITDA from US\$10.2 million for FY2016 to US\$14.9 million for FY2017, and to US\$14.0 million for FY2018 respectively. Our revenue increased from US\$50.9 million for 4M2018 to US\$56.6 million for 4M2019 and the relevant adjusted EBITDA were US\$3.7 million for 4M2018 and US\$3.8 million for 4M2019, respectively.

OUR COMPETITIVE STRENGTHS

We believe that our historical success and future prospects are underpinned by a combination of competitive strengths, including:

We have worldwide presence and solid partnership with blue-chip customers

We are a globally leading home control solution provider, with worldwide presence in North America, Europe, Asia and Latin America. Including the period during which we operated as the home control division of Philips before the MS Acquisition, we have been operating in the home control solution industry for over 25 years. Underpinned by our R&D capability, strong supply chain management and worldwide customer base, we shipped our

remote controls to over 40 countries each year during the Track Record Period. According to the F&S Report, we ranked second in terms of revenue in 2018, with a share of 9.6% in the world's home control solution market.

Since our inception, we serve mainly internationally renowned MSOs as well as TV and OTT device brands which offer subscription broadcasting and TV streaming services in North America and Europe, and strive to continually meet their stringent needs and requirements in order to stand out among our peers. With our relentless efforts to provide seamless solutions, latest technology and innovative product features, we have successfully forged a solid partnership with these companies. To expand our footprint in the PRC, since FY2018, we began to become the supplier of Xiaomi, whose parent company is one of the world's leading OTT platform and smart devices providers based in the PRC. We believe that the commencement of our partnership with Xiaomi in home control solution segment is the key milestone of our business in the PRC market. With the expansion of our customer base to the world's famous OTT device brands, we are well-positioned to tap into the fast-growing OTT segment of the global subscription broadcasting and TV streaming market and further grow our customer base. Including the period during which we operated as the home control division of Philips before the MS Acquisition, the length of our business relationship with our key customers during the Track Record Period ranged from one year to over 13 years. For further details regarding our customers, see "Our Customers" in this section.

Our other customers include reputable TV and OTT device brands such as Airtel in India, British Telecom and Vodafone in the U.K., and Orange in Poland, Foxtel in Australia, Frontier in the U.S., and consumer electronic brands such as Hisense in the PRC. All these other customers in aggregate accounted for 9.1% of our total revenue in FY2018.

As part of our marketing strategy, we believe that it is important for us to be closer to our customers. To this end, we have set up regional sales or liaison offices in the U.S., Belgium, the PRC, Brazil, India and Taiwan, which are supported by our professional sales force. Our commitment to customer service helps us better understand our customers' requirements. We are able to communicate with them on a timely basis and can provide the necessary on-site technical and logistics support on short notice.

By leveraging on our worldwide presence, established relationship with blue-chip customers and capability to provide regional support, we are well-positioned to seize new opportunities in the ever changing market and excelling in this competitive industry.

We offer complete and seamless home control solutions under an asset-light business model

Our core competitive strength lies in our ability to provide full home control solutions for customers. The solutions we provide encompass all key stages for developing and manufacturing remote controls, which include conceptualisation, joint product development, commercialisation and optimisation of products, software and hardware integrations, supply chain management, production management and after-sales services. We, through our designated personnel and a team of professional engineers, work closely with our customers and offer the design and technical solutions that are relevant to their business needs and brand positioning, and apply the latest technologies that would enhance our product features and simplify user interactions and hence, the user experience and satisfaction of our control devices. For details of the solutions we provide, see "Our Products and Solutions" in this section.

We maintain a strict control over the supply chain, from the sourcing of components to the assembly process by our selected manufacturing partners situated in different countries, for ensuring that products sold to our customers are of consistently high quality. For FY2018, we sourced key components from over 100 suppliers in aggregate. We adopt an asset-light model in our supply chain management to minimise capital investment and cost exposure in our outsourcing process, while increasing our flexibility at the same time. For key remote control projects which involve longer product life cycle, higher technical complexity and stringent customer requirements, we outsource the product assembly work to selected manufacturing partners, and we maintain a complete control over supply chain such as product design and commercialisation, component procurement and production process and management. For remote control projects which require lower technical content, we also outsource the more labour intensive assembly process to manufacturing partners who undertake such process on ODM basis, whilst our role is to oversee the supply chain and product quality.

As we have retained a high degree of control over the supply chain, we are able to move the assembly process among different manufacturing partners and jurisdictions in response to changing market and economic environment. Our outsourcing arrangement allows us to minimise our capital investment, maintenance and labour costs and operational risks, thereby enabling us to focus our resources on R&D, sourcing, quality control and sales management.

We have strong R&D capability to deliver innovative home control solutions

We pride ourselves in the forefront of technology shifts with our strong R&D capabilities as one of our core competencies.

- *Proprietary connectivity technologies:* We possess and maintain one of the two most comprehensive IR and code databases in the world covering both IR and RF technologies and with the ability to combine IR and code with automatic setup algorithm. Our proprietary databases allow users to have access to the control functions for a vast number of TV models by delivering the right control code or protocol for their specific device which, in turn, allows them to enable TVs and STBs with our remote controls. Our proprietary rights over such databases provide us with a competitive edge in that it imposes a high entry barrier to new entrants to the industry.
- *Strong R&D capability:* Our R&D teams made up of around 45% of our total number of staff as at 30 April 2019. We have one R&D centre in Singapore and one R&D centre in Suzhou, the PRC, which housed over 80 qualified engineers. Our team of talented engineers have in-depth experience in connectivity technologies and software development and integration with hardware, and they possess seven to over 20 years of experience in mechanical engineering, electrical engineering, testing and validation, and/or related disciplines. Our innovation team in Singapore focuses on initial feasibility study to support product innovation projects. Our R&D team in Suzhou, the PRC, complements our R&D efforts in Singapore by focusing on executing the customer projects, conducting in-depth feasibility study and executing product innovation projects. As at the Latest Practicable Date, we had over 200 invention patents (including granted patents and patents under examination).

- *Innovative product solutions:* Our expertise in connectivity technologies and our continuous investment in R&D have led to our development of cutting-edge and bespoke home control solutions that simplify user interactions and increase user engagement, such as the development of “3R Text Entry”, intuitive touch and voice control, simple set-up interface, and other innovative features that allow users to interact with audio or visual devices and entertainment content quickly and easily. In addition, to meet ever changing consumers’ preferences, we have been designing and developing products and solutions for the emerging OTT and smart home segments.
- *Relentless efforts in and commitment to our customers’ product developments:* We are actively involved in the early stage of product development of our customers to the extent feasible to gain insight into our customers’ technology roadmaps which will be translated into the first mover advantage in building our customers’ next generation products and consolidate our business relationship with them. Through such collaboration, we are able to efficiently integrate our expertise and know-how into new designs and develop bespoke products that meet our customers’ needs. We also cooperate with external institutions to enhance our R&D capability. For example, during the Track Record Period, we partnered with a U.S.-based voice engineering technology corporation by combining software solutions with advanced engineering techniques to develop end-to-end voice solutions for remote controls.

We believe our commitment to R&D distinguishes ourselves from our peers in that we keep abreast with our customers’ commercial needs as well as the technology and innovation changes of our industry, which drive the need for intuitive control. This, in turn, enables us to gain an understanding of our customers’ strategic directions and stay relevant with our customers’ new generation products. In 2015, we moved our principal product assembly process from Indonesia to the PRC, by engaging and outsourcing to new manufacturing partner and our existing manufacturing partner in the PRC in replacement of our then manufacturing partner in Batam, Indonesia, therefore we have also shifted part of our R&D operation from Singapore to Suzhou to ensure efficiency. Since we have R&D centres in both Singapore and Suzhou, we are able to better allocate our R&D personnel to focus on different aspects of our R&D efforts, and more efficiently utilise our R&D resources. As a result of this shift, while our R&D headcounts remained stable during the Track Record Period, our R&D expenses were US\$8.2 million, US\$7.1 million, US\$7.6 million and US\$2.1 million, respectively, for the same periods.

We deliver remote control of superb quality, which are tailored to match the specific needs and brand identities of our blue-chip customers

Over the years, we are able to maintain close and collaborative partnership with customers which are renowned or leading players in their respective markets, driven by their confidence in the quality and reliability of our products. In addition, as our products are primarily operated to enable the devices of our customer and are used on a daily basis, it is of utmost importance that our products deliver smooth user experience and are of consistently high quality. As such, we are committed to deliver remote controls of superb quality that are both easy to use and reliable to minimise the hassles of the end-users in operating our products.

To that end, we set stringent production and quality control procedures designed to ensure that our products meet the relevant industry standards and our customers' quality requirements. With our well-established quality control measures, we achieved low product failure rate and did not experience any product recall incident or material product return during the Track Record Period.

We have received various accreditations in relation to our production management system, which demonstrate our quality control commitments and reinforce our customers' confidence in our products, including:

- ISO 9001:2015 and ISO 14001:2015 certifications for (i) our quality management systems which demonstrate our technological capabilities in the production of our products, and (ii) our environmental management systems which indicate our commitment to protecting the environment in our production process, respectively; and
- TL 9000 certification is built on ISO 9001 and its quality principles and indicates that our products meet the supply chain and operational quality requirements of the global information and communication technologies industry.

See "Quality Control" in this section for further details.

We impose stringent standards on the selection of our suppliers and manufacturing partners, such as quality control standards, technical and managerial capabilities, to ensure the premium quality of our products. We have a quality control team from our operations department that carries out inspections in accordance with our quality control procedures by using professional testing equipment and assigning quality control staff on site to oversee the product assembly by our manufacturing partners. As a further safeguard on product quality, we engage external bodies to carry out independent testing and inspections on our products as appropriate. Given our stringent quality control procedures, we are successful in maintaining our status as a primary or key supplier for many of our major customers and have successfully obtained their orders on a continuous basis.

We are well positioned to capture growth opportunities from the fast-growing subscription broadcasting and TV streaming market

With the improvement in internet infrastructure and increasing adoption of internet enabled devices, subscription broadcasting and TV streaming now are playing key role in the content discovery for consumers at home. Viewing media and entertainment content via cable, satellite or over the internet has changed people's lifestyle and spending pattern. The popularity of subscription broadcasting and TV streaming creates strong demand for MSO and OTT services. Leading home control solution providers are benefiting from providing a unified interface to interact with different devices and services of MSO and OTT providers, taking hold of the starting point in the users' daily content consumption experience. In terms of revenue of the market players, even though the global MSO market and MSO market in North America experienced a decline between 2013 and 2018, primarily due to the shift of the subscribers from MSO to OTT segment, the size of MSO market across the world and in North America in terms of revenue amounted to US\$174.8 billion and US\$88.4 billion, respectively, which is a large market.

On the other hand, according to Frost & Sullivan, underpinned by the booming entertainment industry and rising disposable income per capita, the revenue generated under the global OTT market has risen significantly from US\$24.6 billion in 2013 to US\$68.7 billion in 2018, representing a CAGR of 22.8%. The growth is further accelerated by the improvement in internet infrastructure around the world, rising disposable income per capita, and increasing adoption of internet enabled devices. In terms of subscribers, the total number of subscribers for services provided by MSO and OTT services globally increased at a CAGR of 1.4% and 19.0%, respectively, from 2013 to 2018, and Frost & Sullivan expects that such number will continue to grow at a CAGR of 0.7% and 8.2%, respectively, from 2019 to 2023.

We provide home control solutions for both MSO and OTT segments. Benefited by the drivers mentioned above, during 2013 to 2018, the size of global home control solution market in terms of revenue increased from US\$925.4 million in 2013 to US\$1,816.4 million in 2018, representing a CAGR of 14.4%. The increasing popularity of online media streaming on smart TVs is expected to drive the growth of home control solution market in the future. Frost & Sullivan expected that the global home control solution market will continue to grow at a CAGR of 15.1% from 2019 to 2023. With our core competitive strengths as mentioned in this sub-section, we are well-positioned to capture growth opportunities from this rising market.

We have an experienced and visionary management team with high caliber and a proven track record

Our management team, led by Mr. Alain Perrot, our Chief Executive officer and executive Director, has extensive experience in the home control solution and consumer electronics industry and has played a key management and leadership role in the development of our Group. Mr. Alain Perrot, our Chief Executive Officer and executive Director, Mr. Jean Paul L. Abrams, and our head of sales, Mr. Siu Kwok Hoong, our head of marketing and innovation, have more than 29 years, 32 years and 19 years of experience in the industry, respectively. See “Directors and Senior Management” in this prospectus for details of biographies of our Directors and senior management.

With the experience of our executive Director, who is, in turn, supported by our experienced senior management team, we believe that we have built a stronghold in the home control solution industry and stay attuned to the competitive environment and effectively manage variability and challenges in the future. The capability of our management team enables us to effectively engage with our customers in the early stages of their new product development process and design, which is instrumental to develop a closer tie and secure more collaborative relationship with them.

In addition, we place great emphasis on investment on people. We encourage continuous professional development of our staff at all levels. We are selective in our hiring process with a focus on recruiting and training employees who have the potential to become effective long-term members of our management. Training programmes on technical knowledge are conducted as and when required so as to ensure that our employees are updated on the latest development in the industry where we operate. Regular discussion with employees on how they are meeting the working guidelines and standards and refreshment trainings are also provided.

OUR BUSINESS STRATEGIES

With more than 25 years of experience in developing and offering home control solutions, we have consolidated our leading position and built word-of-mouth reputation in our industry. Going forward, leveraging our expertise in connectivity and solid blue-chip customer base, we intend to pursue the following strategies to maintain our leading position, drive our growth and create value for our Shareholders:

Continuing to expand our sales and market shares, especially in the OTT segment

Media streaming and online entertainment have changed people's way of living and become a key driving force for smart home market including home control solution industry. With the improvement in internet infrastructure, in addition to traditional channel of delivery such as cable and satellite, subscription broadcasting and TV providers began to offer to end-users seamless access to media content via live streaming over the internet. Thus, the number of subscribers receiving media content via OTT boxes increased significantly over the past few years. According to Frost & Sullivan, the number of subscribers for OTT services increased from 359.9 million in 2013 to 857.3 million in 2018, representing a CAGR of 19.0%, and the trend is expected to continue with a CAGR of 8.2% from 2019 to 2023. We have noticed the trend and high growth potential of the OTT segment, and has been working with leading blue-chip live streaming customers and Android based operators, etc. to develop home control solutions with new features such as end-to-end voice control, touch control and 3R-Text Entry that delivered to end-users effortless navigation of online media content and engaging user experience. Our R&D effort was successful as we began to supply remote controls with features tailored for OTT devices to some existing and new blue-chip customers such as Xiaomi during the Track Record Period.

In order to maintain our leading market position in the home control solution industry, we formulate various business strategies with an aim to increasing the competitiveness of our solutions and products, optimising our cost structure and enlarging our customer base. Going forward, we plan to further expand our sales and market shares especially in the OTT segment by increasing our R&D efforts in ensuring smooth integration of our remote control with OTT devices, and developing existing products with new features and higher performance to address the ever changing needs of our customer and consumers' preferences, and to attract new leading players in the OTT segment to become our customers. In addition, along with our expertise in software and hardware integration for electronic devices, effective supply chain management and in-depth understanding of the technical as well as commercial requirements of our customers, we intend to offer customised and complete solutions for blue-chip customers in the OTT segment. Given that this serves the same customer base, our key in-house R&D focus is to develop new features and product capabilities in OTT devices, and work on technology integration of remote control and advanced user interface. To this end, we plan to research into, develop and strengthen our in-house capability in product commercialisation, software-hardware integration and UI design for OTT devices, and acquire, and develop related know-how on product capabilities through hiring additional R&D personnel.

For the purpose of expanding our R&D efforts and capability in the OTT segment, we intend to recruit additional R&D staff responsible for in-house product development innovation in OTT products. 10.25% of our total estimated net proceeds are intended to be allocated for this

purpose. Such amount is expected to cover the salary package of, among others, two and two additional staff members for R&D and industrialisation in the OTT segment, respectively, for a period of four years since the date of implementation. We believe that our planned expansion in the OTT segment would deepen our partnership with existing major customers who look for customised and complete solutions, increase our income stream by directly supplying the complete set of OTT device to customers, and differentiate ourselves from our peers in terms of service and product offering.

Extending our offering by providing integrated smart home security solutions

Apart from expanding our reach in the OTT segment, smart home security segment is another large and fast growing segment. According to Frost & Sullivan, smart home security market increased from US\$2.6 billion in 2013 to US\$6.5 billion in 2018, and is expected to grow at a CAGR of 23.6% from 2019 to 2023, driven by the increasing popularity and application of IoT in daily life. We also note that it is part of the strategies of MSOs to diversify their offerings by selling smart home security services to complement their existing service offerings. Thus, we envisage a business need to gradually extend our offering by providing to our customers integrated smart home security solutions such as developing wireless enabled smart home security devices, controllers and hubs in which similar connectivity and two-way communication technologies and software programming as our existing products are embedded. This in turn, could enhance our competitiveness and generate cross-selling opportunity by marketing an extended line of products to the same group of customers. To this end, we intend to hire additional R&D personnel with high level of technical expertise and experience to support our product development in smart home security area. We intend to recruit additional R&D staff responsible for researching and developing this smart home security area, as well as operational staff responsible for carrying out the industrialisation of our new product offerings. 7.67% of our total estimated net proceeds are intended to be allocated for this purpose. Such amount is expected to cover the salary package of, among others, three and two additional staff members for R&D and industrialisation in the smart home security segment respectively, for a period of four years since the date of implementation. Any shortfall will be financed by our internal resources and/or bank borrowings as appropriate.

Extending our product lines and driving our growth through pursuing strategic investments in or acquisition of companies or businesses in the OTT and/or the smart home security segment(s)

While we have always been endeavoured to offer complete and seamless solutions to our customers, in view of the international trend of adoption of OTT services, as evidenced by the rising number of OTT services subscribers, and leveraging on our knowledge, experience and connection in the market of OTT service providers, we believe it would be welcomed by our customers for us to offer all-included package solutions to our OTT service provider customers by providing packages of OTT devices together with remote controls. Our customers could source both OTT devices and remote control from our Company and this could save their time and costs.

BUSINESS

To support our planned business expansion abovementioned, we are exploring suitable opportunities to add such product line extensions through strategic investments and/or mergers and acquisitions with respect to companies or businesses which could complement our existing business and in-house technical capability, or company which possesses our required know-how or technologies and where it will take a long time for us to develop and commercialise the relevant technology on our own. We currently plan to pursue potential investments in or acquisitions of entities that are engaged in the design or development of OTT devices, such as entities possessing relevant technology, hardware and software for the making of OTT products, and/or smart home security products, where we consider that it would take time for us to build in-house capabilities in the relevant technical areas or to build a customer base or where the technical entry barrier is relatively high. When pursuing this strategy, depending on the amount of capital required, we plan to either establish joint venture(s) with business partner(s) or to acquire the controlling interest in such entity which we believe could facilitate our business strategies at a reasonable cost. By deploying our investment and acquisition strategies, we expect to achieve synergies and minimise the risks and quickly build our presence in different segments of the home control solutions market. Through investments or acquisitions and along with our existing R&D efforts and technologies, we will be able to introduce comprehensive integrated solution to our blue-chip customers. In identifying an investment or acquisition target(s), we will take into account the R&D capability of the target, its sourcing network, its business network and established customer base, whether the target possesses the know-how and technologies that are required by us, whether it shares the same corporate value with us, whether it would effectively facilitate our business expansion into a target segment or market, and the cost of acquisition. Subject to our then cash and financial position, we currently expect to acquire or invest in companies or businesses with an annual turnover of up to US\$100 million.

We intend to apply 28.91% of the net proceeds from the Global Offering to fund part of the consideration for our strategic investments or potential acquisitions as mentioned above. Subject to the market condition and based on net income, we expect the total acquisition/investment size to be US\$20 million to US\$60 million; and the payback period, being the period of time required to recover our expected total investment, to be five to 10 years after the commencement of joint operation of the acquired entity(ies) and our Group. The shortfall of the consideration will be financed by our internal resources and/or bank borrowing as appropriate. The amount intended to be applied for the acquisition or strategic investment is determined based on a number of key parameters, including the size, the number of staff, track records of providing solutions, financial conditions as well as our then cash and financial position and the prevailing market condition. Upon identification of a suitable investment or acquisition target, we will proceed to commercial negotiation, complete the necessary legal and financial due diligence and enter into the acquisition or investment agreement if the commercial terms are acceptable to us. As at the Latest Practicable Date, we did not have any specific investment or acquisition target and had not entered into any definitive agreement nor engaged in any active discussion with any potential target. We will continue to screen suitable targets through market research and commence the negotiation process once a suitable target has been identified.

Enlarging our professional sales force to complement our business development, solidify our relationship with major customers, expand our market coverage and generate cross-selling opportunities

As part of our plan to expand our offering in the OTT and smart home security segments, our product mix will become more diversified. In this connection, we plan to recruit sales personnel with sound product knowledge and no less than five years of related experience to market and cross sell our extended product lines to existing customers, particularly, customers in North America, and identify new customers in order to increase our overall sales.

In addition, we are dedicated to commit additional resources to elevate our service level in light of the increasingly stringent customers' requirement and degree of market competition to support our organic growth. Apart from North America and the PRC, OTT market in Europe and Asia are on the rise, as evidenced by (i) the increase in the number of subscribers for OTT services from 29.3 million in 2013 to 83.7 million in 2018 in Europe; and (ii) the increase in the number of subscribers for OTT services from 84.0 million in 2013 to 331.5 million in 2018 in Asia, according to Frost & Sullivan. To enlarge our business coverage and tap into the rising market, it is instrumental to our future growth by recruiting additional sales. In this connection, we will first recruit senior sales personnel at management level who is primarily responsible for planning and developing local business network, and then enlarge our sales force as and when we have established and consolidated business connection with local business partners or began to supply products to them.

It has been our marketing strategy to be closer to our customers. We have been endeavouring to develop worldwide sales network by establishing subsidiaries or sales or liaison offices and hiring sales personnel stationing in different countries to serve major customers in the region in pursuit of organic growth. The planned expansion of our sales force is commensurate with our marketing strategy and instrumental to our business operation. In view of the above, we intend to allocate 17.35% of the net proceeds from the Global Offering to fund our planned recruitment of five additional professional sales team members, comprising hiring senior sales personnel for OTT and smart home security segments, sales personnel at management level for business planning and development in our target markets, and account managers for our extended product lines in smart home security, and such amount of net proceeds from the Global Offering is expected to cover the relevant costs and expenses for a period of four years since the date of implementation. Any shortfall will be financed by our internal resources as appropriate.

Extending our supply chain footprint beyond the PRC

Given that we adopt an asset-light business model in our supply chain management by outsourcing the labour-intensive product assembly process to our manufacturing partners and at the same time retaining a high degree of control over the supply chain, we are able to move our assembly process among different manufacturing partners and jurisdictions in response to changing market and economic environment. Since February 2017, with a view to lower our cost of production in the long run, we began to initiate the move of our assembly processes from some of our manufacturing partners in the PRC to our manufacturing partner situated in Cambodia. We are in the course of accelerating this process of diversifying the source of assembly services in Cambodia in light of intensifying Sino-U.S. trade conflicts. Further, as part

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and parcel of our supply chain management and investment with our manufacturing partners, to speed up the setting up of the assembly lines for new products or new customers and effectively manage the key control points of the assembly process, we plan to procure and provide the necessary tooling and other support that facilitate the assembly process for our manufacturing partners and suppliers. For FY2016, FY2017, FY2018 and 4M2019, our capital expenditure on property, plant and equipment amounted to US\$3.3 million, US\$3.2 million, US\$4.3 million and US\$1.2 million, respectively. Therefore, we intend to provide necessary support to our manufacturing partner and/or suppliers to facilitate the set up of the production lines or the procurement of required materials in Cambodia. On the other hand, to localise our suppliers in Cambodia, we are also considering to provide necessary support to our suppliers. Such support may include technical and personnel support, or be provided in the form of investment in the production lines or assembling facilities of our suppliers or shortened payment terms. This is expected to minimise our production cost in the long-run.

In view of the above, we intend to allocate 8.26% of the net proceeds from the Global Offering to strengthen our supply chain management and investment as mentioned above. Any shortfall will be financed by our internal resources as appropriate.

Summary of our planned business expansion and implementation timeline

In summary, the above expansion plans are intended to be financed by the net proceeds from the Global Offering. Set forth below is a summary of the estimated timeline of implementation with the allocation of expenses which are intended to be financed by the net proceeds from the Global Offering:

Future plans	Listing Date to 31 December 2020 <i>US\$(million)</i>	1 January 2021 to 31 December 2021 <i>US\$(million)</i>	1 January 2022 to 31 December 2022 <i>US\$(million)</i>	1 January 2023 to 31 December 2023 <i>US\$(million)</i>	1 January 2024 to 31 December 2024 <i>US\$(million)</i>	Total <i>US\$(million)</i>
R&D and other efforts to develop the OTT segment	-	0.34	0.34	0.35	0.36	1.39
R&D and other efforts in smart home security products and solutions	0.10	0.26	0.26	0.26	0.16	1.04
Strategic investments or acquisitions in the OTT and/or smart home security segments	-	3.92	-	-	-	3.92
Expansion of professional sales force	-	-	0.75	0.75	0.85	2.35
Provision of necessary support for supply chain management and investment	1.12	-	-	-	-	1.12
Total:	1.22	4.52	1.35	1.36	1.37	9.82

OUR BUSINESS MODEL

Our business is to provide customised home control solutions to customers. Our solutions encompass almost all key stages for developing and manufacturing remote control, including conceptualisation, joint product development, commercialisation and optimisation of products, software and hardware integrations, supply chain management, production management and after-sales services.

We design, develop, arrange for the assembling and sell remote controls mainly for MSOs, TV and OTT device brands and/or their respective suppliers. Depending on the procurement practice of our customers or brand owners, we generally supply solutions and products in the following three ways. Firstly, we will enter into framework agreements with the MSOs, TV and OTT device brands, under which our agreement sets out the detailed terms of cooperation, and they or their suppliers will place purchase orders with us in accordance with their non-binding rolling forecast provided during the project life cycle. The suppliers are, in most cases, manufacturers engaged by our customers to undertake the manufacturing or assembly process of STBs, OTT boxes or other consumer electronic products, such as TV sets. Our remote controls are shipped to the suppliers of our customers who will then pack and ship them, together with their STBs and TV sets, to our customers in a bundle. Given that these suppliers are acting on behalf of our customers, our customers remain directly liable to us.

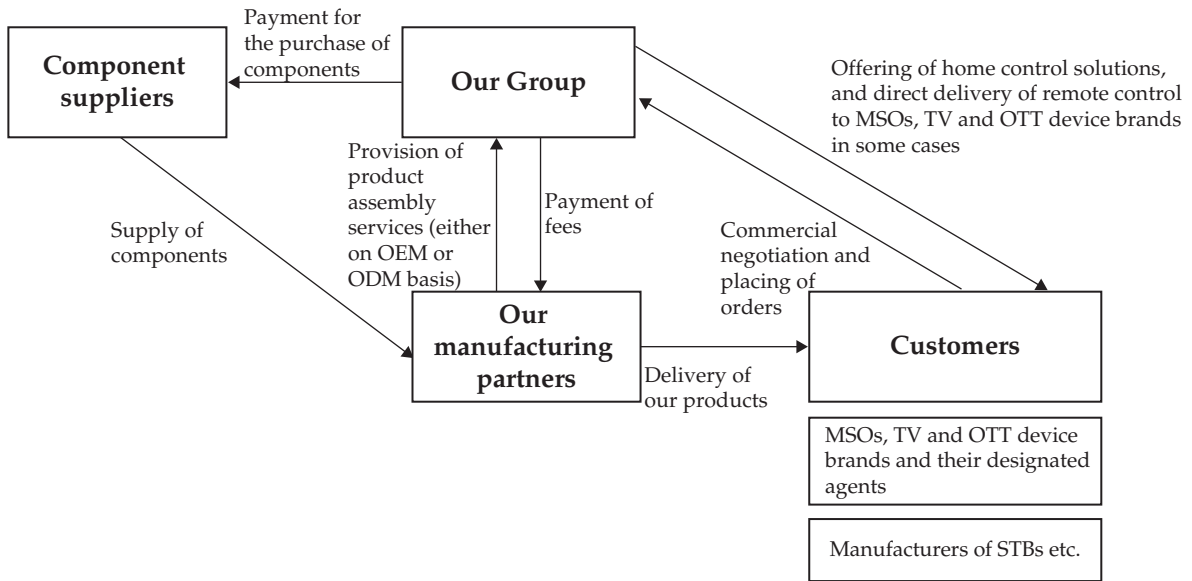
Secondly, there are cases where no supplier of our customer is involved in the above process. Instead, the MSOs or the TV and OTT device brands sign supply agreements and make direct procurement with us, and our finished remote controls are delivered and shipped to them directly. In such case, we will first reach consensus on the product specifications before entering into agreement with our customer. The MSOs, TV and OTT device brands then have their own arrangements to pack our remote controls with the STBs, OTT boxes or other relevant electronic products and offer them in a bundle to their own customers who are end-users.

Lastly, in some other cases, we will first reach consensus on the commercial terms and product specification with the MSOs, TV and OTT device brands without entering into any contract. Instead, we will sign agreement with the supplier of such MSOs, TV and OTT device brands who will directly place order with us and sell our products to the MSOs, TV and OTT device brands on its own account. We work closely with such supplier of the MSOs, TV and OTT device brands in the same way as our manufacturing partner for ensuring that products sold to it would fulfill the requirement of the MSOs, TV and OTT device brands.

We adopt an asset-light business model in our supply chain management. Save for owning and providing the necessary tooling to our manufacturing partners to facilitate their assembly process, we do not own any land, building or material fixed assets. Depending on the nature of the remote control and our customers' commercial requirement, we adopt different outsourcing models as we consider cost-efficient. For details, see "Outsourcing" in this section. Our manufacturing partners charge us the fees for providing product assembly services. Our outsourcing arrangement allows us to focus our resources on supply chain management, R&D, production management and sales, in order to maximise the value of our business to our Shareholders.

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Set forth below is a simplified flow chart of our business model:



OUR PRODUCTS AND SOLUTIONS

We design, develop and sell remote controls mainly for MSOs, TV and OTT device brands. Our products were shipped to more than 40 countries each year during the Track Record Period. Our revenue is substantially derived from the provision of customised home control solutions.

Our product offering

Our product offering covers a wide range of remote control devices, from fully customised and high-end finished remote control with wireless and digital features such as voice, touch or gesture recognition to an off-the-shelf remote control with standard configurations. We launched more than 80 types of remote controls every year during the Track Record Period. Our remote controls have an average product life cycle of five years. Set forth below are some of our products we sold to our major customers during the Track Record Period:

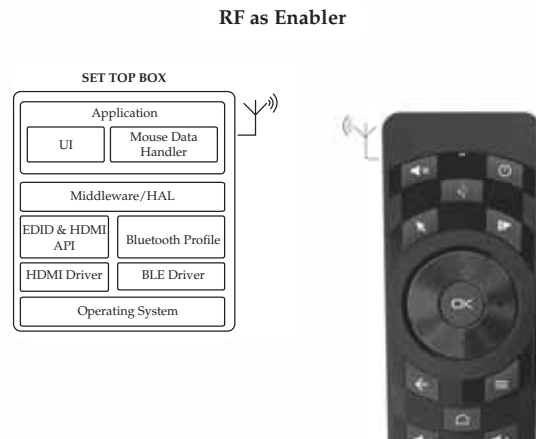


Our products are used to enable and interact with TV and OTT devices such as STBs, OTT boxes and smart TVs. Apart from providing a device with the necessary functionality, the primary objective of our solutions is to add-value to our customer’s product or service and to make a product that fits our customer’s brand identity. Further, with the home control solution industry in the midst of dramatic advances in technology, we are poised to drive change with innovations and solutions in connectivity, touch, voice and other areas to enhance user experience and stay relevant to the preference of the end-users. Set forth below is a summary of the key product solutions that we are able to offer to our customers:

IR and RF Connectivity

Modern remote controls require higher bandwidth for voice and other features, plus two-way communications with STBs. IR line-of-sight (i.e. visually unobstructed straight line through space between the transmitter and receiver) is an impediment for situating set-top boxes in the home.

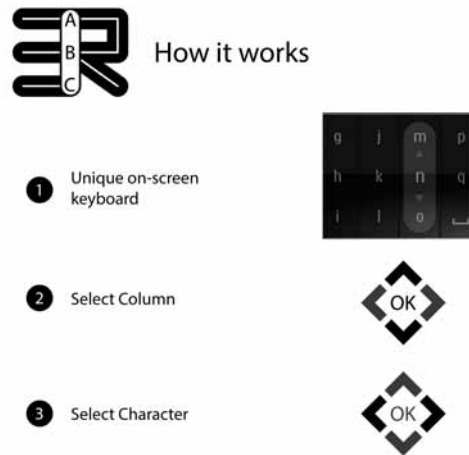
Our engineers have rich experience in integrating the prevailing wireless protocols such as Bluetooth, Wifi and ZigBee, etc. into our remote controls ensuring longer-range and effective control for users.



3R Text Entry

Most of the on-screen keyboards are cumbersome and slow. Implementing text entry on keyboard remote control will result in additional cost.

Our 3R text entry offers a more intuitive and faster experience compared to other on-screen keyboards. Our built-in software contains contextual predictions which enable auto completion of search terms, leading to greater input efficiency. Customers or users could make text entry without the need to invest in additional hardware.



Touch control

Smart phones and tablets offer touch for very intuitive, fast and fluent UI interaction. However, traditional five-way navigation can be cumbersome when accessing modern OTT apps and interfaces.

Our “RevoTouch” solution combines touch control on top of the five-way navigation key, allowing an innovative and simplified TV navigation experience.



Voice control

With the technology on voice recognition becoming mature, voice assistants are driving awareness and usage of voice search. The large amount of online content is increasing the time and effort needed for users to find the content they are looking for.

Our voice control solution empowers the user to rapidly find desired content in an intuitive and natural manner.

High quality voice link is offered through various RF protocols.

Multiple microphone options are available, offering the ideal mix of performance and cost.



Omni has been developing voice solutions for the remote control market for a decade.

Today Omni is supplying remote controls that comply with requirements from leading voice engine providers, using a combination of advanced software and hardware engineering.

Private listening

Users usually share a common area with others while watching TVs. It can be disturbing with the volume on.

We offer remote control with private listening features, enabling users to enjoy personal entertainment without disturbing others in the indoor environment.

As the experts in RF, we have implemented this private listening in the Wifi Direct remotes.

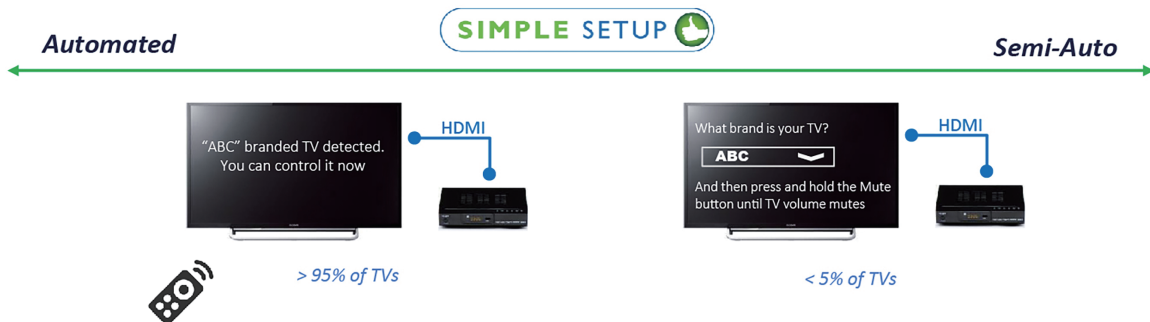


Simple set up

Users often struggle to set up their remote control to pair with new TV. Difficulty often lies in the need to look up the correct IR code from user manual, posters or internet to set up remote control.

With our comprehensive IR and code database which covers a vast number of prevailing TV models, we offer a simplified user experience to program a universal or STB remote control by eliminating the need to refer to a user manual. Our software engineers work closely with our customers to integrate our IR database with their STB such that it would be able to automatically identify the TV models and then programs the remote control.

How it works



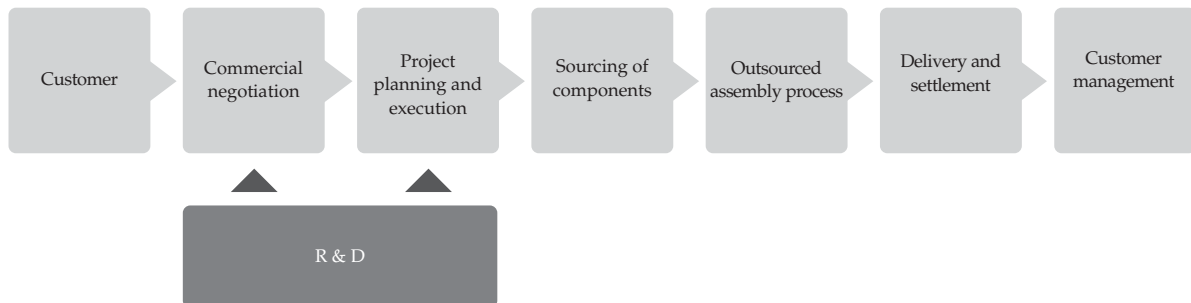
Design solution

Remote control is an extension of the identity and experience of our customer’s devices. Thus, we are endeavoured to tailor our product to match the specific needs and brand identity of each customer. In making our product, we want to provide a perfect mix of appearance, functionality and user friendliness. Thus, apart from outlook appearance, we also seek to improve the designs of our products such as the size, distribution, texture, softness and sensitivity of the keys and buttons, and the handset, aiming at delivering effortless navigation experience to end-users. The following are some of our design solutions that we offer to our customers:



OUR BUSINESS PROCESS

The following flowchart depicts our typical business process:



1. Commercial negotiation

Under the commercial negotiation stage, customers or their suppliers will send out requests for quotation with technical and commercial requirements according to their production forecast or schedule to various suppliers in the market, including us. Once we have received a request for quotation, we will set up a project brief containing basic information of the project information such as customer details, product category, brief product descriptions and the responsible account manager in charge of the project. Our sale and marketing personnel together with our R&D teams will conduct feasibility and capacity checks, cost analysis and

prepare the quotation (containing product unit cost, general conditions of sale and specifications and assumptions), and send them to the customer for decision after obtaining internal approval. If we are being selected by a customer as its supplier, we normally enter into a framework agreement with it setting out the salient terms of business cooperation. In other cases where no framework agreement is signed, a product, price and invoicing agreement will be entered into which confirms the purchase order and the detailed conditions of sales. Customer credit check will follow in case of new customer.

2. *Project planning and execution*

In most cases for major customers, instead of entering into one-off sale and purchase transaction with them, we supply products and solutions required on a continuous basis along the project life cycle. As such, we have a project manager who is responsible for project planning and monitoring project execution. We will agree with our customers regarding the project duration, material costs, major milestones, supply plan, quality test plan, logistics arrangement, and payment terms. Before accepting customer's order, we will check with the capacity of our manufacturing partners for ensuring the feasibility of the production and delivery schedule.

To facilitate our procurement and production planning, our customer also provides us with a non-binding rolling forecast for a given period.

3. *R&D and design*

R&D plays an essential part of our operation. We are required to provide design solution at pre-sale stage to win new purchase orders, modify the design during the project execution stage to address the needs of our customer, and commercialise the product concept into a commercially and technically feasible design before mass production. Whilst we outsource the product assembly process, our R&D team is responsible for carrying out the product development process. Under this product development process, our R&D team will, based on the specifications of our customers, decide on the use of software, technology and components for our remote control products. Engineering and cost feasibility study, system integrations as well as laboratory testing will also be conducted to ensure that the commercial requirements of our customers may be translated into a technical product. Generally, it is only after this product development process that our procurement team will start sourcing the required components for the outsourced assembly process. For further details as to how our R&D efforts play a part in the production process, see "Product Development — Our R&D" in this section.

4. *Sourcing of components*

Our procurement team will prepare the material delivery plan in accordance with the components required, our inventory level and the delivery schedule of the finished products. We check and update in our system the components required on a daily basis for ensuring that our production activities will not be interrupted. To ensure that products sold by us to our customers are of consistent quality, we directly procure key components from suppliers which will then be delivered to some of our manufacturing partners for product assembly.

5. *Outsourced assembly process*

We outsource the product assembly process to selected manufacturing partners who undertake such assembly process according to our instructions, designs and specifications, and the finished products will be delivered by us or by our manufacturing partners in accordance with the delivery terms agreed with our customers. We prepare daily and weekly production schedule, check with our manufacturing partners their production capacity and confirm the component delivery schedule before we confirm the date of delivery of finished products to our customers. We have in place stringent controls over the assembly process, from selection of manufacturing partners, procurement of components, production process and management, and finished product inspection. To shorten the time required to set up a production line, where necessary, we will procure and provide the necessary tooling and other support that facilitate their assembly process for our manufacturing partners. For manufacturing partners which undertake the assembly work on ODM basis, they will normally prepare or procure the components and the necessary tooling on their own, and we oversee the quality control process.

6. *Delivery and settlement*

For components, we require our component suppliers to deliver to our manufacturing partners the materials and consumables ordered by us and handle (usually through its import agent) the custom clearance of the importing country (when the components are shipped from overseas). Our suppliers are generally responsible for the freight expenses. After completion of the assembly process, we or we arrange with our manufacturing partners to deliver the products to the location of our customers or their warehouse. Delivery to our customers is principally on a delivery duty paid (DDP) or free on board (FOB) or free carrier (FCA) basis. Usually, we will issue invoice after our products have been picked up by the relevant customer or its suppliers.

7. *Customer management*

We have established regional sales offices supported by our professional sales force to provide support to major customers, keep close contacts with their procurement team to understand their business needs and recent developments, and receive and follow up orders placed by them. Feedbacks collected from our customers will be shared with our different departments for business and product planning purpose. Our sales teams maintain regular contacts with, and pay regular visits to, our major customers, and they seek to be involved at an early stage of the new project of our customers to the extent feasible to secure new purchase orders from them.

PRODUCT DEVELOPMENT

Our industry is characterised by rapid technological advances, and to stay competitive, we invest in people, R&D and technological partnership to drive our product innovations and evolutions.

Our innovation and R&D teams

Our R&D teams made up of around 45% of our total number of staff as at 30 April 2019. We have one R&D centre in Singapore and one R&D centre in Suzhou, the PRC housing 15 and 68 engineers, respectively, as at 30 April 2019. Our innovation and R&D teams comprise professional engineers and supporting personnel who are responsible for engineering tasks covering mechanical, electrical, test and validation, software development, tooling, PCB layout and packaging aspects as well as costing and project management. All of our staff members in innovation and R&D teams have obtained bachelor degree or above educational qualification in engineering or related disciplines.

Our innovation and R&D teams in Singapore and Suzhou have different research focus. The team based in Singapore focuses on initial feasibility study to support the product innovation projects. Most of the members of the Singapore R&D team are senior research personnel or engineers, with over 20 years of related experience. The experienced team in Singapore provides guidance, technical advice and sets research direction for R&D team in Suzhou which comprised younger research personnel or engineers. The team based in Suzhou focuses on executing the customer projects, conducting in-depth feasibility study and supporting product innovation projects. Most of the R&D staff in Suzhou has more than 10 years related experience. The R&D team in Suzhou complements our efforts in Singapore by focusing on product realisation and commercialisation through turning conceptual designs into deliverable products, such as remote control solution software. Members of our sales and marketing department also provide us with timely and direct customer feedbacks to assist our product development. We obtained a status of a “Technically Advanced Service Enterprise” from the Suzhou People’s Government in 2016, which is a recognition of our R&D capability.

Set forth below is a summary of the major functions of our R&D teams:

Product innovation:	Providing detailed engineering and costing feasibility studies of innovation projects, as well as arranging for their subsequent executions.
Patent application:	Assessing suitability and filing patent applications when new technology is used.
Engineering design:	Creating the engineering design of the electrical, mechanical and software (including factory test) of customer projects and innovation projects, and at the same time ensuring that the output of the engineering design complies with relevant regulatory requirements as well as specifications.
Technical solutions:	Offering technical solutions by proposing the different kinds of hardware and software from existing technologies to be adopted for the execution of customer projects and innovation projects.

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Software and hardware integration: Putting together the electrical, mechanical and software works of customer projects and innovation projects for laboratory testing, fine-tuning and adjustment. Problems identified during this integration process are to be fixed before production.

Our R&D

Set forth below is the major milestones on our major technology or product developments in recent years:

2013	started mass production of multi-media remote keyboards
2014	started mass production of voice remote controls
2015	introduced “Vanguard”, an innovative one touch remote control with full heads up control experience
2016	introduced “Stealth”, a smart sensor-enabled remote control with concealed keys that illuminates only when it is in use
2018	introduced “Forzare”, a force-sensitive remote control that outputs different command with a soft or hard press

As at the Latest Practicable Date, we had over 200 invention patents (including granted patents and patents under examination), of which the following are considered to be material to our business: 13 invention patents in the European Union, 11 invention patents in the PRC, 10 invention patents in the U.S., and one invention patent in Japan. We are currently in the process of applying for three material invention patents in the PRC, two invention patents in Taiwan and one invention patent in the U.S. and the European Union respectively. See “Statutory and General Information — B. Further Information about Our Business — 2. Intellectual property rights of our Group” in Appendix IV to this prospectus for further details.

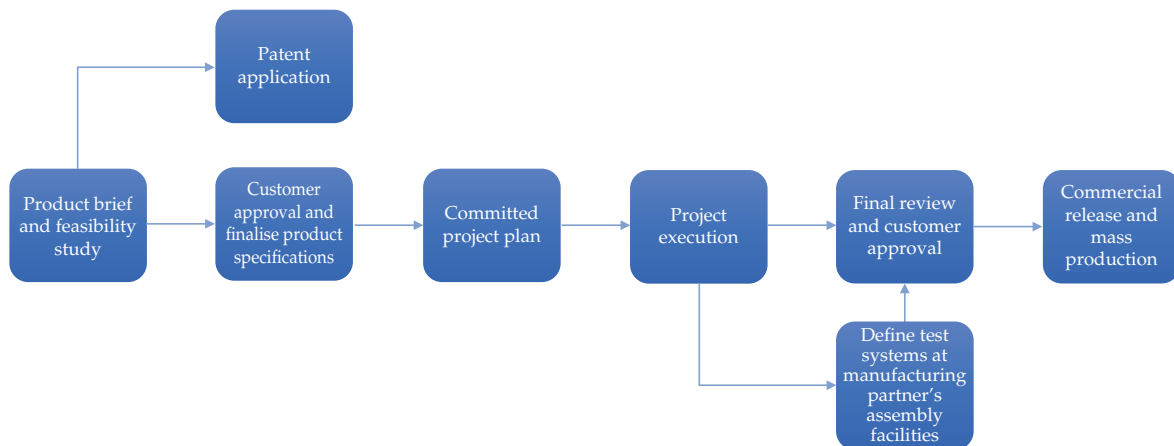
Our product development process prescribes the procedures and activities carried out by our R&D team consisting of experts of different disciplines to create successful products, which are competitive in terms of cost, quality and lead time. Our process could cope with two different kinds of product development projects.

The first kind is the less complex projects in which the specifications of existing models are modified towards customer requirements such that they become new models, with focus on cosmetic printing, minor printed circuit board layout or minor software changes. Our Suzhou R&D team will outline all the relevant product information and specifications, from the software to the design of the hardware to the packaging and palletisation requirements. The team will then proceed with sample making and various rounds of quality testing. Since this kind of project does not involve major technical changes, the output time for commercial release and production will usually not take longer than six weeks.

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The second kind is the more complicated projects in which the use of new software, technology or process platform, adaptation of new designs and the use of new components are involved. Our Suzhou R&D team will conduct engineering and cost feasibility studies, firm up the platform used for product development, finalise the electrical, mechanical and software specifications of the product as well as the quality control procedures and test plans. For projects involving innovative ideas and new technologies, such as the first launch of our voice control system and multi-media remote keyboards, a system architect from the Singapore R&D team will define and review the technology periodically and the Singapore R&D team will also look into patent potentials and possible infringements. Once we have translated the commercial requirements into a technical product, various rounds of laboratory testing and adjustments will follow. Our Singapore and Suzhou R&D teams will then conduct an integrated software test between the new remote and the customer's devices. Our Suzhou R&D team will then work with our operations team to co-define the test systems at the production site to ensure smooth process and good quality control before mass production. Depending on the complexity of the projects, the whole process involving our R&D teams may take up to 15 months.

The following chart illustrates the general flow of our product development process:



With our continuous commitment to R&D, we integrated new ideas into product development and launched more than 80 types of remote controls every year during the Track Record Period. We are capable of deploying advanced technologies to evolve our product features and roll out new products to cope with the ever changing market preference. For example, technologies adopted by us in the production of our remote controls are compatible with those used by leading voice engine providers. This enables smooth integration of technologies when we develop voice solutions for the remote control market. For details of our product offering and solutions we provide, see "Our Products and Solutions" in this section.

In addition to our in-house R&D efforts, upon customer's request, we obtained licences from third party developers or registered owners of the relevant intellectual property for the use of various technologies in our products or production. As at the Latest Practicable Date, there were two active licences relating to the use of third-party owned IPs or technologies granted to us by Independent Third Parties. Such intellectual property and technologies cover wireless device software and wireless input control system embedded in our remote controls produced for certain customers. Under the relevant licensing agreements, we are required to pay a fixed amount of fees and/or royalties (calculated based on the number of products in which the licensed technology is incorporated) to the licensors. Licensing fees and royalties paid by us for

FY2016, FY2017, FY2018 and 4M2019 amounted to US\$1.2 million, US\$1.1 million, US\$0.9 million and US\$0.3 million, respectively. The term of the relevant licensing agreements of material intellectual property rights licensed to us from third parties is usually one year renewable automatically upon expiry unless terminated by either party before then. We do not foresee any material difficulty in renewing such licensing agreements upon expiry if needed.

To preserve our and our customer's intellectual property and know-how, we have adopted various measures, such as requiring our employees to give non-compete and non-disclosure undertakings, imposing access right control on our employees and implementing our information technology security policy.

In 2015, we moved our principal product assembly process from Indonesia to the PRC, by engaging and outsourcing to a new manufacturing partner in Wuxi, the PRC in replacement of our then manufacturing partner in Batam, Indonesia. As a result, we have also shifted part of our R&D operations from Singapore to Suzhou to ensure efficiency. Having R&D centres in both Singapore and Suzhou enables us to operate in an optimising structure in terms of our R&D process. We are able to better allocate our R&D personnel to focus on different aspects of our R&D efforts and more efficiently utilise our R&D resources. As a result of this shift, while our R&D headcounts remained stable during the Track Record Period, our R&D expenses for FY2016, FY2017, FY2018 and 4M2019 (compromising salaries, employee benefits and material cost) were US\$8.2 million, US\$7.1 million, US\$7.6 million and US\$2.1 million, respectively, for the same periods.

OUR SALES AND MARKETING

Our footprint and professional sales force

As at the Latest Practicable Date, apart from our headquarters in Singapore, we had established six regional sales and liaison offices in the U.S., Belgium, the PRC, Brazil, India and Taiwan. These offices are strategically located to facilitate the procurement of our major customers located in the same or nearby geographical region and speedy provision of our customer services in the respective geographical markets.

Our sales and liaison offices are supported by our professional sales force of 23 members as at 30 April 2019 who have solid experience in dealing with our customers and possess in-depth understanding of local customer's preference. Our marketing focus is on maintaining high-margin and/or high-volume customers. Thus, we assign each sales personnel to be responsible for taking care of three to four key customers, ensuring a high level of customer intimacy and responsiveness to customer's feedback. Over the years, we have successfully developed solid partnership with our major customers and word-of-mouth reputation in the industry as a result of our pursuit of the following sales and marketing efforts:

- maintaining regular contact with customer and becoming involved at an early stage of the new project of our customer to the extent feasible to acquire first comer advantage;
- working jointly with our customer in its product conception and development to better understand and address its needs;

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- providing a complete solution by offering customised design solution, identifying a suitable manufacturing partner to undertake the required production activities, and exercising a high degree of control over the supply chain, quality control and logistics management;
- providing seamless customer support services through our regional sales team including despatching sales personnel to visit and work closely as a team with our customer and its business partner(s), such as maker of STBs, keep abreast of our customer's latest business development, collect and follow up on its feedbacks, and sharing market intelligence;
- conducting visits by our chief executive officer and senior management members once every year to our key customers to listen to their needs and demonstrate our commitment; and
- organising visits for our customer to visit the assembly facilities of our manufacturing partners.

In addition to our employees, we also have external sales consultants located in the U.S., Mexico, Canada, Poland, Germany and Brazil who are responsible for promoting and marketing our products and solutions. The main roles and responsibilities of these external sales consultant are to develop business plan for particular overseas market, including researching on business opportunities, strengthen sales strategies and plan promotion activities; and provide project management support, technical assessments and sales support, which are more narrowly defined compared to those of our own sales force and with focus on business development in a particular geographical region. We also set various sales targets for our sales consultants. We recruit external consultants in those markets where we are in the course of building business presence and would like to minimise our cost exposure until we have established a sales office, or, in case we already have established a sales office, we want to maintain flexibility in our staff structure in light of our then business requirement in the relevant geographical market.

The principal terms of the agreements that we have entered into with our external sales consultants are consistent with market norms and practices. The principal terms include the scope of services, duration, service fees, geographical coverage and, for the agreements with the consultants in Canada and Brazil, performance-based commission arrangements. The service agreements are effective for a period of six to 12 months (with one exception where the agreement remains effective for an infinite term until termination) and can be terminated with a notice period of 30 to 90 days under normal circumstances. During the Track Record Period, we paid in aggregate US\$0.1 million, US\$0.4 million, US\$0.6 million and US\$0.2 million, respectively, to our external sales consultants. See "Risk Factors — Any misconduct of our external sales consultants may adversely harm our business reputation" in this prospectus in relation to the reputation risk that may arise from the use of sales consultants.

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The following map illustrates the locations of our headquarters, subsidiaries, sales offices, R&D centres and our manufacturing partners as at the Latest Practicable Date:



It is our historical expansion strategies to establish new regional sales or liaison offices in alignment with the expansion of our business to the region, with a view to maintaining a close relationship and providing pro-active and fast responses and necessary on-site support for local customers. As more particularly disclosed in “Our Business Strategies” in this section, to extend our footprint and capture new business opportunities, we plan to enlarge our sales force in the markets where we believe have strong growth potential in the subscription broadcasting and TV streaming market.

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Our sales coverage

In terms of revenue, during the Track Record Period, our products were mainly sold to customers situated in North America and Europe. According to Frost & Sullivan, North America was the largest MSO and OTT markets in 2018, accounting for over 50% in each of the global MSO and OTT market, respectively. For FY2016, FY2017, FY2018, 4M2018 and 4M2019, North America and Europe were our largest geographical segment, which in aggregate accounted for 71.2%, 75.0%, 73.9%, 80.3% and 68.5% of our total revenue, respectively. The following table sets forth the breakdown of our revenue by the geographical location of our customers for the periods indicated:

Geographical segment	FY2016		FY2017		FY2018		4M2018		4M2019	
	% to total		% to total		% to total		% to total		% to total	
	Revenue US\$'000	revenue %	Revenue US\$'000	revenue %	Revenue US\$'000	revenue %	Revenue US\$'000	revenue %	Revenue US\$'000	revenue %
North America	54,183	39.8	76,666	51.1	86,618	49.8	26,820	52.7	25,245	44.6
Europe	42,732	31.4	35,936	23.9	41,927	24.1	14,039	27.6	13,513	23.9
Asia	25,792	19.0	25,157	16.8	31,703	18.2	6,315	12.4	10,387	18.3
Latin America	13,345	9.8	12,352	8.2	13,604	7.9	3,691	7.3	7,485	13.2
Total	136,052	100.0	150,111	100.0	173,852	100.0	50,865	100.0	56,630	100.0

According to Frost & Sullivan, the number of subscribers of the MSO and OTT services in North America as a whole increased from 266.2 million in 2013 to 319.6 million in 2018, representing a CAGR of 3.7%, and is expected to increase at a CAGR of 1.1% from 2019 to 2023. The overall increase in the number of subscribers in OTT and MSO services continue to drive the home control solution market in the near future. This is generally compatible with the growth trend of our overall revenue during the Track Record Period. On the other hand, due to the change in users' preference over the way to gain access to entertainment and media content from the STBs of the MSO to OTT devices which resulted in the shift of some subscribers from MSO to the OTT market, the number of subscribers of MSO services in North America slightly decreased from 106.1 million in 2013 to 101.4 million in 2018, representing a CAGR of -0.9%, and is expected to decrease at a CAGR of -1.7% from 2019 to 2023. Nevertheless, the markets of MSO services and OTT services, taken as a whole, keep expanding. The number of subscribers of OTT services in North America also recorded a growth from 2013 to 2018, at a CAGR of 6.4%, and is expected to increase at a CAGR of 2.3% from 2019 to 2023. Since remote controls are needed for STBs or devices of MSO and OTT services, the shift of subscribers from the market of MSO services to OTT services would not impact the overall demand for home controls solutions. As such, the decrease in the number of subscribers of MSO services in the North America is not expected to have a material adverse impact on the overall demands of our products, as such decrease is expected to be compensated by the increase in the number of subscribers of OTT services in the same region. For instance, the number of MSO subscribers in North America decreased by approximately 3.4 million from 2017 to 2018 and 1.8 million from 2016 to 2017 and the number of OTT subscribers in the same region increased by approximately 7.1 million from 2017 to 2018 and 5.5 million from 2016 to 2017. The extent of increase in the OTT market is more

than sufficient to compensate the decline in MSO market in terms of the number of subscribers. In addition, according to Frost & Sullivan, the number of subscribers of MSO services in our other geographical markets such as Latin America and Asia increased at CAGRs of 6.4% and 1.6% from 2013 to 2018, respectively, and is expected to increase at CAGRs of 1.4% and 1.4% from 2019 to 2023, respectively. The overall increase in the number of subscribers of MSO and OTT services will continue to be our driver as a home control solution provider.

Our marketing activities

In addition to our daily marketing efforts, we also organise annual roadshow in our key markets, participate in trade fairs and provide product seminar to our customers to supplement our marketing effort.

Seasonality

Since our major customers offer subscription broadcasting and TV streaming services throughout the year, historically there was no apparent pattern of our procurement or sales during the year except that our business partners such as suppliers may slowdown business activities during and shortly after long public holidays such as Christmas, New Year and Chinese New Year. Accordingly, we may experience lower amount of purchase from such business partners before and after those periods. Generally speaking, we believe that our operations are not subject to significant seasonal trends.

OUR CUSTOMERS

For FY2016, FY2017, FY2018 and 4M2019, we had 118, 118, 108 and 105 customers, respectively. In terms of geographical location, our sales attributable to customers situated in North America and Europe, in aggregate, accounted for 71.2%, 75.0%, 73.9% and 68.5% of our total revenue for FY2016, FY2017, FY2018 and 4M2019, respectively. Our customers include the world famous or leading MSOs as well as TV and OTT device brands, providing subscription broadcasting and TV streaming services to the end-users in their respective geographical region(s). To the best knowledge of our Directors, as at the Latest Practicable Date, all of our MSO customers had introduced or were in the process of introducing OTT services to their subscribers as a service ancillary to their existing TV broadcasting services. To expand our footprint in the PRC, since FY2018, we began to become the supplier of Xiaomi which we believe is our key strategic partner in the PRC market. We have a collaborative and stable relationship with our major customers. Including the period during which we operated as the home control division of our former shareholder before the MS Acquisition, we have maintained business relationships with our five largest customers for one to over 13 years. The number of our customers which decreased slightly from 118 in FY2017 to 108 in FY2018 was mainly contributed by a fall in the number of small customers as we concentrated our efforts in developing business relationship with our major customers.

For FY2016, FY2017, FY2018 and 4M2019, sales to our five largest customers in aggregate accounted for 52.2%, 55.8%, 54.3% and 58.4%, respectively, of our total revenue for the same periods. For FY2016, FY2017, FY2018 and 4M2019, sales to our largest customer accounted for 22.9%, 16.9%, 20.5% and 22.1%, respectively, of our total revenue for the same periods.

BUSINESS

The tables below set out the background information about our five largest customers for the periods indicated:

FY2016

Customer	Background	Length of business relationship with our Group as at Latest Practicable Date including the period before the MS Acquisition	Revenue derived from the customer (US\$'000)	Approximate percentage to the total revenue of our Group for the year (%)
Customer A	A company principally engaged in the provision of pay TV services	5 to 10 years	31,128	22.9
Customer B	A company principally engaged in the assembly of consumer electronic products	Over 10 years	12,484	9.2
Customer C	A company principally engaged in the provision of pay TV services	5 to 10 years	10,278	7.6
Customer D	A company principally engaged in the provision of pay TV services	Over 10 years	8,938	6.6
Customer E	A company principally engaged in the provision of pay TV services	5 to 10 years	8,225	6.0
Five largest customers aggregate			71,053	52.2

BUSINESS

FY2017

Customer	Background	Length of business relationship with our Group as at Latest Practicable Date including the period before the MS Acquisition	Revenue derived from the customer (US\$'000)	Approximate percentage to the total revenue of our Group for the year (%)
Customer A	A company principally engaged in the provision of pay TV services	5 to 10 years	25,373	16.9
Customer F	A high technology company principally engaged in the provision of consumer electronic products	Less than 5 years	16,764	11.2
Customer C	A company principally engaged in the provision of pay TV services	5 to 10 years	16,088	10.7
Customer E	A company principally engaged in the provision of pay TV services	5 to 10 years	15,782	10.5
Customer D	A company principally engaged in the provision of pay TV services	Over 10 years	9,797	6.5
Five largest customers in aggregate			83,804	55.8

BUSINESS

FY2018

Customer	Background	Length of business relationship with our Group as at Latest Practicable Date including the period before the MS Acquisition	Revenue derived from the customer (US\$'000)	Approximate percentage to the total revenue of our Group for the year (%)
Customer F	A high technology company principally engaged in the provision of consumer electronic products	Less than 5 years	35,721	20.5
Customer A	A company principally engaged in the provision of pay TV services	5 to 10 years	29,270	16.8
Customer G	A company principally engaged in the provision of pay TV services	Less than 5 years	10,155	5.8
Customer E	A company principally engaged in the provision of pay TV services	5 to 10 years	9,973	5.7
Customer C	A company principally engaged in the provision of pay TV services	5 to 10 years	9,233	5.3
Five largest customers in aggregate			94,352	54.3

BUSINESS

4M2019

Customer	Background	Length of business relationship with our Group as at Latest Practicable Date including the period before the MS Acquisition	Revenue derived from the customer (US\$'000)	Approximate percentage to the total revenue of our Group for the year (%)
Customer F	A high technology company principally engaged in the provision of consumer electronic products	Less than 5 years	12,521	22.1
Customer A	A company principally engaged in the provision of pay TV services	5 to 10 years	10,388	18.3
Customer H	A company principally engaged in the provision of pay TV services	Over 10 years	3,643	6.4
Customer I	A high technology company principally engaged in the provision of consumer electronic products	Less than 5 years	3,465	6.1
Customer G	A company principally engaged in the provision of pay TV services	Less than 5 years	3,081	5.4
Five largest customers in aggregate			33,098	58.4

For the typical credit terms and payment method granted to our five largest customers, see “Our Customers — Payment and credit terms” in this section.

BUSINESS

The tables below set out the background information about our five largest customers for the Track Record Period:

Customer	Background	Length of business relationship with our Group as at Latest Practicable Date including the period before the MS Acquisition	FY2016		FY2017		FY2018		4M2019	
			Revenue derived from the customer (US\$'000)	Approximate percentage to the total revenue of our Group for the year (%)	Revenue derived from the customer (US\$'000)	Approximate percentage to the total revenue of our Group for the year (%)	Revenue derived from the customer (US\$'000)	Approximate percentage to the total revenue of our Group for the year (%)	Revenue derived from the customer (US\$'000)	Approximate percentage to the total revenue of our Group for the period (%)
Customer A	A company principally engaged in the provision of pay TV services	5 to 10 years	31,128	22.9	25,373	16.9	29,270	16.8	10,388	18.3
Customer B	A company principally engaged in the assembly of consumer electronic products	Over 10 years	12,484	9.2				Note		Note
Customer C	A company principally engaged in the provision of pay TV services	5 to 10 years	10,278	7.6	16,088	10.7	9,233	5.3		Note
Customer D	A company principally engaged in the provision of pay TV services	Over 10 years	8,938	6.6	9,797	6.5		Note		Note

BUSINESS

Customer	Background	Length of business relationship with our Group as at Latest Practicable Date including the period before the MS Acquisition	FY2016		FY2017		FY2018		4M2019	
			Revenue derived from the customer (US\$'000)	Approximate percentage to the total revenue of our Group for the year (%)	Revenue derived from the customer (US\$'000)	Approximate percentage to the total revenue of our Group for the year (%)	Revenue derived from the customer (US\$'000)	Approximate percentage to the total revenue of our Group for the year (%)	Revenue derived from the customer (US\$'000)	Approximate percentage to the total revenue of our Group for the period (%)
Customer E	A company principally engaged in the provision of pay TV services	5 to 10 years	8,225	6.0	15,782	10.5	9,973	5.7		Note
Customer F	A high technology company principally engaged in the provision of consumer electronic products	Less than 5 years	Note		16,764	11.2	35,721	20.5	12,521	22.1
Customer G	A company principally engaged in the provision of pay TV services	Less than 5 years	Note		Note		10,155	5.8	3,081	5.4
Customer H	A company principally engaged in the provision of pay TV services	Over 10 years	Note		Note		Note		3,643	6.4

BUSINESS

Customer	Background	Length of business relationship with our Group as at Latest Practicable Date including the period before the MS Acquisition	FY2016		FY2017		FY2018		4M2019	
			Revenue derived from the customer (US\$'000)	Approximate percentage to the total revenue of our Group for the year (%)	Revenue derived from the customer (US\$'000)	Approximate percentage to the total revenue of our Group for the year (%)	Revenue derived from the customer (US\$'000)	Approximate percentage to the total revenue of our Group for the year (%)	Revenue derived from the customer (US\$'000)	Approximate percentage to the total revenue of our Group for the period (%)
Customer I	A high technology company principally engaged in the provision of consumer electronic products	Less than 5 years	71,053	52.2	83,804	55.8	94,352	54.3	3,465	6.1
Five largest customers in aggregate										

Note: The customer is not one of our five largest customers for the period indicated.

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None of our Directors, their respective close associates or any Shareholder (who, to the best knowledge of our Directors, owns more than 5% of the issued share capital of our Company as at the Latest Practicable Date) had any interest in any of our five largest customers during the Track Record Period. All of our five largest customers during the Track Record Period were and are Independent Third Parties.

Major terms of our agreement with customers

We generally enter into framework agreements setting out the commercial terms of cooperation with our major customers which will be followed by the purchase orders issued by our customers directly or through their suppliers (as the case may be) whenever our customers confirm the purchase details. The salient terms of our framework agreements with our major customers during the Track Record Period are as follows:

Key terms	Description
Term	: The framework agreement usually remains effective for an infinite term or may be automatically renewed for another term of one to three years upon expiry of the initial term, unless terminated by the party thereto in accordance with the terms thereof.
Supplier	: Customer may designate third party such as its supplier to place order with us on its behalf. Unless the supplier of our customer purchases on its own account, our customer remains primarily liable to us for the act of any such supplier.
Pricing	: The framework agreement may contain a price schedule, subject to periodic review and adjustment. Otherwise, price will be specified in the purchase order or product, price and invoicing agreement. Some of the framework agreements contain a most favoured customer clause, under which the price offered by us should be as least as favourable as the price we offered to other customers of similar products.
Payment term	: Customer or its supplier shall settle our invoice within a specified number of days (usually up to 90 days from the month we issue the invoice) after receipt of invoice.

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Key terms	Description
Rolling forecast	: Customer usually will provide a non-binding rolling forecast on a weekly, monthly, half-yearly or yearly basis during which such customer or its supplier may order and purchase with us.
Minimum purchase requirement	: Where the contracts signed with our major customers contain such commitment, it is either expressed in a minimum ordered quantity (MOQ) within a given period failing which the customer shall pay us the tooling and development costs, or as a percentage to the total purchase from all suppliers within a given period.
Shipment and lead time	: We normally deliver products on delivery duty paid (DDP), free on board (FOB) or free carrier (FCA) basis. Standard lead time is usually two to 12 weeks after receipt of the purchaser order. Customer may fix a longer lead time in case of unforecasted purchase orders.
Inventory	: We may be required to hold inventory of finished goods which are available for shipment as safety or buffer stock at the warehouse or other location designated by our customer to facilitate the deployment of products by our customer.
End of product life cycle	: The framework agreement may contain a clause requiring our customer to serve written notice (ranging from four months to 24 months) of the end of life cycle of our products and following such notice, our customer and us will determine the number of products to be needed until the end of life of our products and a transition plan with respect to any new product.
Outsourcing	: Any outsourcing is subject to written consent of our customer, and we remain primarily liable to our customer for any product processed by such manufacturing partners.
Exclusivity	: If a model of product is designated for a particular customer, we are normally required to supply that model to that particular customer on an exclusive basis.

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Key terms	Description
Product warranty	: While product warranty of 18 to 24 months is normally granted by us, such warranties were primarily provided in the form of product replacement and we delivered extra remote controls as buffer replacements to some of our customers. No provision for warranties was made for those warranties provided in the form of product replacement because our Group delivered extra remote controls as buffer replacements to the relevant customers and the costs of providing buffer replacements were recognised when the product were delivered and accepted by the customers. Further, for all sales to customers (with or without buffer replacements), historically there were minimal claims made by the customers, as quality checks were usually conducted by customers before acceptance of the products delivered.
Intellectual properties	: Customer will specify our obligation to place its mark or logo on our products, and use software developed by our customer. Each party may also specify its respective right to use the proprietary technologies held by the other party, such as our IR database to the extent embedded in our products.
Other material covenants	: Our customer may require us to procure the components such as ICs provided by the vendor or distributor designated by it. We may be required to comply with several protocols or code of conduct announced by our customer, such as environmental protection, health and safety, prohibitions on using child labour, minimum insurance coverage maintained by us, etc.
Termination	: The framework agreement can be terminated by either party thereto serving one month to 12 months' notice on the other party in the absence of default by any party.

The standard purchase orders issued by our customers contain information such as order details, specifications, delivery date, and contract price. In case where no framework agreement is signed, a product, price and invoicing agreement will be entered into with the customer which confirms the purchase order and the detailed conditions of sales.

During the Track Record Period and up to the Latest Practicable Date, we were in material compliance with the terms of the contracts with our major customers, and we had not experienced nor were we aware of any circumstance leading to early termination of the contract or contractual disputes with or claims by our major customers.

Payment and credit terms

Depending on the nature of our customers and our credit assessment, under our policy, the credit period that can be granted by us could be up to 90 days from the end of the month (in which the invoice is issued). During the Track Record Period, the credit term granted range from 30 days to 90 days. We generally accept payments from customers by way of bank telegraphic transfer and letter of credit.

Credit assessment

Our finance and administration department is responsible for monitoring the credit risks of our customers and conducting relevant credit assessment procedures. Monthly trade receivables aging reports are prepared by the finance and administration department to update the management team on the overdue status of our customers. Reviews of customers' payments are conducted on a regular basis and revisions to customers' credit limit amounts may be made accordingly. Where payments from customers are long overdue, demand letters will be sent on a case by case basis taking into consideration of potential future sales. The write-off of any trade receivables is subject to the approval of our financial controller.

Our trade receivables turnover days were 73 days, 67 days, 68 days and 73 days, respectively, for FY2016, FY2017, FY2018 and 4M2019. An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on historical loss pattern of our Group. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. For FY2016, FY2017, FY2018 and 4M2019, we recognised impairment loss of US\$0.3 million, US\$92,000, US\$79,000 and nil, respectively. Subsequent to the Track Record Period and up to the Latest Practicable Date, we had not experienced any material difficulty in collecting receivables from our major customers when they fall due.

Pricing policy

We price our products based on the cost of our key components, cost of product assembly charged by our manufacturing partners, the nature and technical complexity of our solutions, the profit margin we expect to achieve, the relationship with the relevant customers, the credit and payment terms, the size of the orders, and the term and expected date of delivery. Prices of our products are usually set and fixed after responding to customers' requests for quotation.

We may grant rebate or volume discount to customer which is fixed based on the invoiced price for specific models of the products sold by us to this customer. During the Track Record Period, the amount of rebate and volume discount paid by us accounted for an insignificant proportion of our total revenue for FY2016, FY2017, and no rebate or volume discount was paid by us for FY2018 and 4M2019.

Delivery

Delivery to our customers is principally on a delivery duty paid (DDP), free on board (FOB) or free carrier (FCA). The cost of delivery services is generally included in the purchase price that we charge our customers.

Complaint handling and product returns policy

To better serve our customers and ensure adequate information is collected from our customers in a timely manner, it is our policy that if there is any complaint, feedback or inquiry in relation to our products, our sales team is required to provide response within 24 hours after receipt of such complaint, feedback or inquiry. Customer complaint reports are generated on a weekly and monthly basis to keep track of all customer complaints and to document the cause of the complaints and implementation of any remedial action plans.

Our Directors confirm that we did not receive any material complaints from our customers in relation to our product quality during the Track Record Period and up to the Latest Practicable Date.

We generally do not accept product return. In the event that issues relating to product quality arise, we follow up closely with our customer on any request for product return or rectification, and may enter into negotiations with our customer to resolve the issue on a case by case basis.

During the Track Record Period and up to the Latest Practicable Date, we were not subject to any material product liability claim or material adverse publicity relating to our products or their quality, nor had we encountered any product return or recall which had a material impact on us. Please refer to “Risk Factors – We are subject to product liability risks that could damage our reputation and any significant product liability claim could have a material and adverse effect on our financial conditions” for details relating to the nature of the product liability risks associated with the products sold by us.

Recent intensification of Sino-U.S. trade conflicts

Background

In March 2018, the U.S. government announced its intention to impose additional 10% tariff on a list of products imported from the PRC. This first list was released and came into effect on 6 July 2018 and none of our products was included in the first list. In August 2018, the U.S. government indicated that it is exploring the possibility of increasing the tariff from 10% to 25%, together with a revised list of products covering a wider range of products. This second list was effective on 23 August 2018 and the remote controls exported by us to the customers situated in the U.S. (the “**U.S. customers**”) were included in this second list and therefore, subject to additional 25% tariff. Prior to this second list coming into effect, our remote controls were subject to a tariff of 2.6% imposed by the U.S. government. On 17 September 2018, another list of products was announced by the U.S. government under which an additional tariff of 10% was imposed. This third list came into effect on 24 September 2018. On 5 May 2019, the U.S. government further announced that, effective from 10 May 2019, the tariffs imposed on the third list of products would be increased from 10% to 25%. On 17 May 2019, the U.S. government released a fourth list and as further announced on 1 August 2019, a 10% tariff would be imposed on this fourth list of products, effective from 1 September 2019. On 23 August 2019, the U.S. government announced a further increase in tariff level on the products covered in the second list from 25% to 30% which was originally expected to become effective from 15 October 2019, but was subsequently announced to remain at 25%; and the products covered under the fourth

list from 10% to 15%. While none of our products was included in the first list, the third list and the fourth list, our products, remote controls, are included in the second list. Accordingly, from 23 August 2018 onwards and up to the Latest Practicable Date, our products were subject to 25% additional tariff (the “**Additional Tariff**”). Pursuant to the federal law of U.S., entities will be liable to pay tariff imposed by the U.S. government if they are identified as an importer of record (i.e. person or entity who assumes the responsibility for ensuring legal goods are imported in the U.S.).

For FY2018 and 4M2019, we had nine and nine U.S. customers and our sales to them in aggregate accounted for 49.8% and 44.5%, respectively, of our total revenue for the same periods.

Among our sales to U.S. customers, for FY2018 and 4M2019, (i) 55.2% and 48.0% were made under which we were identified as an importer of record for the relevant imports, respectively; and (ii) 44.8% and 52.0%, respectively, were made under which either the relevant U.S. customers were identified as importers of record of the relevant sales, or we were not responsible for payment of the Additional Tariff and our products were delivered to the supplier of the U.S. customer, which was located in the PRC. We have deployed measures as follows to manage the potential impact of the intensifying Sino-U.S. trade conflicts, including the Additional Tariff imposed on some of our products imported for U.S. customers to the extent where we are identified as import of records of the relevant sales.

Diversifying the assembly process from the PRC

As part of our overall business strategy to diversify our outsourcing arrangement beyond the PRC and thanks to our asset-light business model which gives us flexibility in moving the assembly process among different manufacturing partners in response to changing market and economic environment, since February 2017, we began to initiate the move of our assembly processes from the PRC to the Cambodia Partner, an Independent Third Party. Our Cambodia Partner is the subsidiary of a company listed on the Stock Exchange of Thailand, and is principally engaged in micro-electronic assemble work with IATF 16949:2016 and ISO 9001:2015 qualifications. Consistent with our quality control procedures, we selected the Cambodia Partner by reference to its capability, price, work quality and overall stability in the delivery of its services. In particular, we and some of our customers have conducted site visits to the manufacturing facilities of the Cambodia Partner prior to engaging it as our manufacturing partner. Also, pre-production trial runs have been carried out by the Cambodia Partner such that we were able to assess and look at the quality of the remote controls assembled by it. During the early stage of the transfer process, sample remote control products assembled by the Cambodia Partner have also been provided to our customers for their inspection and approval prior to mass production. All these served to minimise the potential risks that may be involved during the transfer process. In light of the above and given that the components required for the assembling of remote controls are sourced by us and we still maintain a strict control over the entire supply chain management process, we consider that the transfer of the assembly process from our manufacturing partners in the PRC to Cambodia would not have a material impact on our product quality control and risk assessment procedures.

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We have entered into a written agreement with the Cambodia Partner on terms and conditions similar to those entered into with our manufacturing partners in the PRC details of which are set out in “Outsourcing” in this section. This written agreement may be terminated by either party giving 12 months’ written notice.

Since the second half of 2018, we accelerated the diversification of the assembly services and had transferred or had been transferring in the courses of transferring to the Cambodia Partner the assembly process where we were identified as importer of record for the relevant sales. During the transfer process, we assisted our Cambodia Partner in setting up the production lines, establishing the sourcing and logistics network, and conducting trial production run prior to mass production. We completed the transfer of the assembly process from the PRC to Cambodia in July 2019. Since 31 July 2019, all products sold to the U.S. customers, the sales of which we were identified as importer of record, were assembled in Cambodia (excluding those customers who have agreed not to proceed with the transfer) (the “**Relevant U.S. Customers**”). According to our internal analysis and as advised by our tax advisers, Ernst & Young Tax Services Limited, given that all foreign components underwent substantial transformation in Cambodia, such remote controls should be considered Cambodian origin and therefore are not subject to the Additional Tariff upon import from Cambodia into the U.S.*.

Following the completion of the transfer of the assembly process and as at 31 July 2019, (i) three out of our nine U.S. customers had the assembly process transferred to Cambodia (save for certain remote controls supplied to two of the U.S. customers which were still assembled in the PRC due to the insignificant size of the orders); (ii) products supplied to one U.S. customer were still assembled in the PRC, and we had negotiated with this U.S. customer to increase the product price to reflect the tariff payment to be borne by us as importer of record of the relevant sales (the order size of which was insignificant); (iii) remote controls supplied to three out of the nine U.S. customers were shipped to their suppliers for packaging and as such, we were not identified as the importer of record for such imports and were not responsible for the payment of the Additional Tariff; (iv) sales to one out of the nine U.S. customers were made under which this U.S. customer was identified as the importer of record of the relevant sales; and (v) for the remaining one U.S. customer, the relevant remote controls had already been shipped to the U.S. prior to the imposition of the Additional Tariff. As such, our subsequent sales of remote controls to this U.S. customer were not subject to the Additional Tariff.

* This is subject to the formal ruling of the U.S. Customs and Border Protection (or its counterparts) whose decision on the country of origin shall be final and binding.

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The following table sets forth the respective revenue contribution of the U.S. customers during the Track Record Period which, as at 31 July 2019 (i) had elected to transfer the assembly process to Cambodia; (ii) had entered into price adjustment arrangements with us, or which they or their suppliers (instead of our Group) were identified as importer of record, and (iii) our products had already been shipped to the U.S. prior to the imposition of the Additional Tariff:

<i>(US\$'000)</i>	FY2016	FY2017	FY2018	4M2019
U.S. customers which have elected to transfer the assembly process to Cambodia ^(Note 1)	41,550	42,202	40,700	12,021
U.S. customers which have entered into price adjustment arrangements with the Group, or assumed the costs for additional tariff, or which they or their suppliers (instead of our Group) were identified as importer of record ^(Note 2)	1,478	18,374	36,454	13,095
U.S. customer with the relevant remote controls had already been shipped to the U.S. prior to the imposition of the Additional Tariff ^(Note 3)	10,278	16,088	9,233	131

Notes:

1. There were a total of three U.S. customers under this category as at 31 July 2019. Some of these customers have entered into price adjustment arrangements as transition arrangements before the transfer of assembly process which was completed in July 2019.
2. There were a total of five U.S. customers under this category as at 31 July 2019, and products supplied to them were still assembled in the PRC at that time.
3. There was one U.S. customer under this category as at 31 July 2019.

For the period from 23 August 2018 to 31 December 2018, 4M2019 and for the seven months ended 31 July 2019, we sold to the Relevant U.S. Customers approximately 662,000 units, 349,000 units and 2,041,000 units, respectively, of remote controls which were assembled in Cambodia. During the same periods, we recognised revenue attributable to our products assembled by our Cambodia Partner and sold to the Relevant U.S. Customers in the amount of US\$2.2 million, US\$1.2 million and US\$7.4 million, respectively, which represented 14.8%, 9.8% and 40.6%, respectively, of our revenue contributed by these Relevant U.S. Customers for the same periods. Despite from 31 July 2019 onwards, all products sold to the Relevant U.S. Customers were assembled in Cambodia, there was a timing difference between the completion of the assembly process and the recognition of revenue of the corresponding products sold to our customers. As such, our products assembled in Cambodia for the seven months ended 31 July 2019 were not fully recognised in our total revenue for the same period. On the other hand, for the period from 23 August 2018 to 31 December 2018, 4M2019 and for the seven months

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ended 31 July 2019, we sold to the Relevant U.S. Customers approximately 4.1 million, 2.9 million and 2.9 million units of remote controls, respectively which were assembled in the PRC, and during the same periods, we recognised revenue attributable to our products assembled in the PRC and sold to the Relevant U.S. Customers in the amount of US\$12.7 million, US\$10.8 million and US\$10.9 million, respectively, which represented 85.2%, 90.2% and 59.4% of our total revenue contributed by these Relevant U.S. Customers for the same periods.

Price adjustment agreements with customers

Prior to the completion of the above transfer or where we or our U.S. customers agreed not to proceed with such transfer due to reason such as the size of the order not justifying the transfer, we have agreed with the Relevant U.S. Customers to increase the product price which should substantially reflect the additional tariff payment to be borne by us as importer of record of the relevant sales. For the period since 23 August 2018 up to 31 December 2018 and 4M2019, the average selling price of our products (which were assembled in the PRC) sold to U.S. customers who had agreed to the price adjustment arrangement represented an increase of 9.5% and 33.0%, respectively, of the average selling price of all products sold to the same group of U.S. customers for the six months ended 30 June 2018.

The above-mentioned arrangements, including the transfer of the assembly process and the price adjustment agreements with customers, covered nearly all of our sales to U.S. customers under which we were identified as importer of record. The price adjustments agreed by our U.S. customers did not and are not expected to materially affect their demands for our products due to the following reasons: (i) our products are ultimately sold or delivered by our U.S. customers together with STBs or OTT devices to the consumers in a bundle. According to our market research and past experience, for example, the cost of our remote control generally accounted for around 2.5% to 10% of the retail price of the OTT device bundle. Therefore, any potential impact of the increased selling price of our product on the cost structure of our U.S. customers should be insignificant; (ii) according to Frost & Sullivan, the average annual spending of users on the services and hardware provided by the MSOs or OTT service providers in the U.S. is about US\$1,200. Therefore, in case where our U.S. customers need to pass down the increased cost to consumers, the additional cost (which is one-off in nature) as a percentage to the annual spending to be borne by the consumers should be insignificant. Similar reasons also apply to the case where our U.S. customers or their supplier(s) are identified as importers of record and directly liable for the Additional Tariff; (iii) for the reasons elaborated below, it is costly for our customer to shift to and source remote controls from alternative suppliers; (iv) we did not record a significant fluctuation in our sales to U.S. customers for FY2018 compared to FY2017, and for 4M2019 compared to 4M2018, and our U.S. customers continued to place orders with us generally in accordance with their rolling forecasts; (v) in July 2019, we completed the transfer of the assembly process to Cambodia with respect to our sales to U.S. customers under which we were identified as importer of record; and (vi) for those U.S. customers or their suppliers who are directly responsible for the payment of the Additional Tariff, we are now able to offer an option to them to have the assembly process to be carried out in Cambodia. Therefore, any impact of the Additional Tariff on the demand of our product has already been minimised.

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We are also not aware of any U.S. customers shifting to and sourcing remote controls from our competitors because of the imposition of the Additional Tariff. We expect that the possibility for them in doing so is remote for the following reasons: (i) we have successfully established long-term and collaborative relationships with most of these U.S. customers due to the consistently high quality of our solutions and products that we are able to offer as well as the reliability of our supply chain management; (ii) with such long-term and collaborative relationships already established between us and our U.S. customers, it is costly and difficult for our U.S. customers in shifting to an alternative supplier that is capable of offering products of comparable quality and standards as our Group and it takes time for such supplier to establish a proven track record with our U.S. customers. We believe that the additional time and cost to be involved would outweigh the relatively small increase in our product prices; (iii) our Group has also spent relentless efforts on and commitments to our customers' product developments and provide not only hardware but also comprehensive solutions to our customers. The early stage involvement by our Group in our customers' product development process is a strong pull factor between our customers and us, estopping our customers from easily switching suppliers; (iv) according to the F&S Report, the PRC is the key manufacturing base for remote control and all other market players with manufacturing facilities or outsourcing arrangement in the PRC will be equally affected by the imposition of the Additional Tariff; and (v) as disclosed in the paragraph above, as we have already completed the transfer of the assembly process, any impact of the Additional Tariff on the demand of our product has already been minimised.

Therefore, we do not expect that the recent intensifying Sino-U.S. trade conflicts have or will have a material impact on our business and outlook. However, we cannot assure you that our products will not be subject to any new tariff imposed by any government in the future and that our measures are effective at all times. See "Risks Factors — Risks Relating to Our Business — Changes in worldwide economic and geopolitical conditions could adversely affect our financial position prospects" in this prospectus for further discussion on the worldwide business presence which may expose us to some risks.

In 2018, the Cambodia Partner has production capacity to assemble more than 36 million pieces of electronic device and around 20% of the capacity was unutilised. To ensure that our Cambodia Partner will have sufficient capacity to take up our orders, we have discussed our rolling production forecast with our Cambodia Partner. Based on our discussion, our Cambodia Partner has agreed to take up our orders according to our forecast for FY2019. In addition, based on publicly available information, it has been increasing its production capacity since 2019. Our Cambodia Partner has agreed to undertake the assembly of all our products to be sold to U.S. customers under which we were identified as importer of record. In light of the above, we do not foresee any material obstacle for our Cambodia Partner to cope with the increasing amount of orders from us. We are also actively diversifying our assembly process beyond the PRC and will continue to identify alternative and qualified manufacturing entities in different countries to undertake the assembly process for us.

In view that there may be other potential developments of this tariff battle, we are in continuous dialogues with our U.S. customers such that we will be able to promptly respond to any new development. Other strategies may be adopted by us from time to time to respond to changing situations and mitigate the impact of the tariff battle on our business and operations.

OUR SUPPLIERS

Our procurement and purchasing teams comprised 23 members as at 30 April 2019. Our major components comprise plastics, ICs, keymats and PCBs. We procure our principal components in the PRC, Singapore, Hong Kong and Taiwan, and we believe that they are readily available in the market. Our Directors have confirmed that, during the Track Record Period and up to the Latest Practicable Date, we did not experience quality issues, significant delays or shortages of major components, which could materially and adversely affect our business operation.

Our suppliers comprise suppliers of components and manufacturing partners which provide assembly services. For FY2016, FY2017, FY2018 and 4M2019, we had over 65, over 100, over 100 and over 100 suppliers, respectively.

Our major suppliers are corporate entities who are principally engaged in the processing or manufacturing of consumer electronics (in case they are manufacturing partners providing assembly services) or sale of electronic components. For suppliers of components, most of them are situated in the PRC, Singapore, Hong Kong and Taiwan. For manufacturing partners, they are situated in the PRC and Cambodia.

Including the period during which we operated as the home control division of Philips before the MS Acquisition, we have up to 10 years of relationship with most of our five largest suppliers during the Track Record Period. For FY2016, FY2017, FY2018 and 4M2019, our purchase attributable to our five largest suppliers in aggregate accounted for 46.8%, 44.4%, 37.3% and 42.7%, respectively, of our cost of purchase for the same periods. For FY2016, FY2017, FY2018 and 4M2019, our purchase attributable to our largest supplier in aggregate accounted for 15.1%, 12.0%, 11.3% and 15.0%, respectively, of our cost of purchase for the same periods. These suppliers are located in the PRC, Singapore and Hong Kong.

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The tables below set out the background information about our five largest suppliers for the periods indicated:

FY2016

Supplier	Products/ services sold	Background	Headquarter location	Length of business relationship with our Group as at the Latest Practicable Date including the period before the MS Acquisition	Amount of cost of sale attributable to the supplier (US\$'000)	Approximate percentage to the total purchases of our Group for the year/period (%)
Supplier A	Assembly service	A supplier of manufacturing services principally engaged in the final assembly of remote controls based in the PRC	PRC	5 to 10 years	16,749	15.1
Supplier B	Electronic components	A supplier of electronic components principally engaged in the trading and distribution of semiconductors based in Singapore	Singapore	5 to 10 years	11,153	10.0
Supplier C	Mechanical components	A supplier of mechanical components principally engaged in the manufacturing and sale of keymats based in Hong Kong	Hong Kong	5 to 10 years	8,734	7.9
Supplier D	Assembly service	A supplier of manufacturing services principally engaged in the final assembly of remote controls based in the PRC	PRC	Less than 5 years	8,596	7.7
Supplier E	Plastic	A supplier of mechanical components principally engaged in the manufacturing of plastic based in the PRC	PRC	Over 10 years	6,753	6.1
				Five largest suppliers in aggregate	51,985	46.8

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FY2017

Supplier	Products/ services sold	Background	Headquarter location	Length of business relationship with our Group as at the Latest Practicable Date including the period before the MS Acquisition	Amount of cost of sale attributable to the supplier (US\$'000)	Approximate percentage to the total purchases of our Group for the year/period (%)
Supplier A	Assembly service	A supplier of manufacturing services principally engaged in the final assembly of remote controls based in the PRC	PRC	5 to 10 years	16,394	12.0
Supplier F	Assembly service	A supplier of manufacturing services principally engaged in the final assembly of remote controls based in Hong Kong	Hong Kong	Less than 5 years	15,177	11.1
Supplier B	Electronic components	A supplier of electronic components principally engaged in the trading and distribution of semiconductors based in Singapore	Singapore	5 to 10 years	14,272	10.4
Supplier E	Mechanical components	A supplier of mechanical components principally engaged in the manufacturing of plastic based in the PRC	PRC	Over 10 years	7,737	5.7
Supplier G	Assembly service	A supplier of manufacturing services principally engaged in the final assembly of remote controls based in the PRC	PRC	5 to 10 years	7,237	5.3
Five largest suppliers in aggregate					60,817	44.4

BUSINESS

FY2018

Supplier	Products/ services sold	Background	Headquarter location	Length of business relationship with our Group as at the Latest Practicable Date including the period before the MS Acquisition	Amount of cost of sale attributable to the supplier (US\$'000)	Approximate percentage to the total purchases of our Group for the year/period (%)
Supplier A	Assembly service	A supplier of manufacturing services principally engaged in the final assembly of remote controls based in the PRC	PRC	5 to 10 years	16,057	11.3
Supplier B	Electronic components	A supplier of electronic components principally engaged in the trading and distribution of semiconductors based in Singapore	Singapore	5 to 10 years	13,906	9.8
Supplier F	Assembly service	A supplier of manufacturing services principally engaged in the final assembly of remote controls based in Hong Kong	Hong Kong	Less than 5 years	9,350	6.6
Supplier E	Mechanical components	A supplier of mechanical components principally engaged in the manufacturing of plastic based in the PRC	PRC	Over 10 years	7,480	5.3
Supplier C	Mechanical components	A supplier of mechanical components principally engaged in the manufacturing and sale of keymats based in Hong Kong	Hong Kong	5 to 10 years	6,300	4.4
				Five largest suppliers in aggregate	53,093	37.3

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4M2019

Supplier	Products/ services sold	Background	Headquarter location	Length of business relationship with our Group as at the Latest Practicable Date including the period before the MS Acquisition	Amount of cost of sale attributable to the supplier (US\$'000)	Approximate percentage to the total purchases of our Group for the year/period (%)
Supplier B	Electronic components	A supplier of electronic components principally engaged in the trading and distribution of semiconductors based in Singapore	Singapore	5 to 10 years	6,013	15.0
Supplier A	Assembly service	A supplier of manufacturing services principally engaged in the final assembly of remote controls based in the PRC	PRC	5 to 10 years	4,134	10.3
Supplier H	Electronic components	A supplier of electronic components principally engaged in the import and sale of semi-conductors in Europe and Asia and is principally based in Ireland	Ireland	Over 10 years	2,778	6.9
Supplier C	Mechanical components	A supplier of mechanical components principally engaged in the manufacturing and sale of keymats based in Hong Kong	Hong Kong	5 to 10 years	2,086	5.2
Supplier E	Mechanical components	A supplier of mechanical components principally engaged in the manufacturing of plastic based in the PRC	PRC	Over 10 years	2,045	5.1
				Five largest suppliers in aggregate	17,056	42.7

For the typical credit terms and payment method granted by our five largest suppliers, see “Our Suppliers — Major terms of our contract with suppliers” in this section.

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None of our Directors, their respective close associates or any Shareholder (who, to the best knowledge of our Directors, owns more than 5% of the issued share capital of our Company as at the Latest Practicable Date) had any interest in any of our five largest suppliers during the Track Record Period. All of our five largest suppliers during the Track Record Period were and are Independent Third Parties. During the Track Record Period, we did not experience any material shortage or delay in the supply of materials and equipment to our projects that significantly affected our business. Our Directors consider that the Group does not have undue reliance on our suppliers as we would be able to find alternative suppliers readily and on similar commercial terms if any of our major suppliers ceases to provide services to us.

Selection of suppliers

We have a supplier selection policy to source, select and approve new suppliers. We select our suppliers mainly based on the following criteria: (a) price; (b) product and service quality which is demonstrated by the compliance with the standards set by us or our customers; (c) payment terms offered; (d) production capability; and (e) overall stability and reliability in supply of products and services.

Except where our customer designates the source of supply (e.g. ICs), before confirming the supplier, we normally would seek quotations from two to three supplier candidates for the supply of our key components to ensure we have a stable source of supply, obtain the most favourable price and avoid dependency on any single supplier.

Major terms of our contract with suppliers

The salient terms of our agreements with our major suppliers during the Track Record Period are as follows:

Key terms	Description
Duration	: From the effective date of the agreement until termination
Pricing and adjustment mechanism, if any	: To be negotiated by us with the major suppliers periodically
Minimum purchase commitment/target	: Nil
Production forecasts	: Non-binding quantity forecasts will be provided by us periodically
Delivery and customs clearance	: In most cases, delivery is made to the assembly facilities of our manufacturing partners
Payment and credit term	: By bank transfers and in most cases, to be settled within 90 days from the end of the month (in which the invoice is issued)

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Key terms	Description
Quality assurance and returns policy	: In most cases, the suppliers have to adhere to a fixed fall off rate as delivery target and the defective products have to be repaired or replaced within a warranty period of 36 months
Intellectual property rights	: Permitted use of intellectual property rights on manufacture of products strictly according to our instructions
Other covenants	: The suppliers have to comply with various certifications such as ISO 9000
Termination	: Termination by giving six to 12 months' written notice

During the Track Record Period and up to the Latest Practicable Date, we were in material compliance with the terms of the contracts with our major suppliers, and we had not experienced nor were we aware of any circumstance leading to early termination of the contract or contractual disputes with or claims by our major suppliers.

OUTSOURCING

During the Track Record Period, we had two types of outsourcing arrangement: (i) for key remote control projects which involve longer product life cycle, higher technical complexity and stringent customer requirements, we outsourced the product assembly to our manufacturing partners on OEM basis, and we maintained a complete control over the supply chain under which we are closely involved in the production process and are responsible for product design and commercialisation, sourcing of raw material suppliers and procurement of components, and the production process would be under our close supervision and management; and (ii) for remote control projects which require lower technical content, we outsourced the more labour intensive assembly process to manufacturing partners which undertake such process on ODM basis, whilst our role is to oversee the supply chain and product quality. We will not be responsible for the sourcing of raw material suppliers or the procurement of raw materials but only to ensure that the production process is able to meet our internal standards and requirements. During the Track Record Period, 86%, 78%, 85% and 90% of our revenue, and 85%, 75%, 85% and 91% of our gross profit, respectively, were contributed by the outsourcing arrangement where we had complete control over the supply chain; while 14%, 22%, 15% and 10% of our revenue, and 15%, 25%, 15% and 9% of our gross profit, respectively, were contributed by the outsourcing arrangement where we only oversaw the supply chain. We have a designated team under the operations department for supply chain management. Our outsourcing arrangement minimises our fixed asset investment, maintenance cost and operational risks, thereby allowing us to focus our management and financial resources on the R&D, sourcing, quality control and sales management, with a view to maximise our efficiency and profitability.

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For FY2016, FY2017, FY2018 and 4M2019, we engaged two, eight, nine and nine entities, respectively, with whom we had developed one year to 20 years of business relationship as at the Latest Practicable Date for undertaking product assembly services. During the Track Record Period, our manufacturing partners were mainly situated in the PRC and since the second half of 2018, we had engaged a manufacturing partner situated in Cambodia as part of our strategies to diversify the source of assembly services and optimise our cost structure in response to increasing labour cost in the PRC and changing market environment.

We select the manufacturing partner candidate(s) by reference to their capability, price, work quality and overall stability in the delivery of their services. Our manufacturing partner during the Track Record Period were and are Independent Third Party. We from time to time check and update our internal records in relation to the production capacity of our manufacturing partners and provide with them our rolling production forecast periodically for ensuring timely delivery of our products to customers. Except where our manufacturing partner undertakes the assembly process on ODM basis, we primarily procure and supply components for our manufacturing partners for ensuring consistent product quality of the finished products. Our customers either had consented or had not indicated their opposition to our outsourcing arrangement during the course of cooperation with us, and they were fully aware of such arrangement when they entered into contracts with us. On some occasions, our customers would carry out factory audits on the assembly facilities of our manufacturing partners for assessing their capability and work quality.

We enter into general purchasing agreements with our manufacturing partners, then we enter into a price agreement with our manufacturing partners on a per product basis. The salient terms included in the contracts with our manufacturing partners are set out as follows:

Key terms	Description
Duration	From the effective date of the agreement until termination
Pricing and adjustment mechanism, if any	Quotations provided by our manufacturing partners may not be more than the price charged by our manufacturing partners to other customers of similar products.
Minimum purchase commitment/target	Nil
Production forecasts	Non-binding quantity forecasts will be conducted by us periodically
Delivery and customs clearance	Our manufacturing partners deliver products on free carrier (FCA), free on board (FOB) or Ex Works (EXW) basis.
Payment and credit term	In most cases, payments are made up to 90 days from the end of the month.

BUSINESS

Key terms	Description
Quality assurance and returns policy	Our manufacturing partners have to adhere to a fixed fall off rate as delivery target and any defective products have to be repaired replaced within a warranty period of 12 to 36 months.
Intellectual property rights	Our manufacturing partners may only use intellectual properties belonging to us on products according to our instructions. All intellectual properties furnished to our manufacturing partners shall remain our sole exclusive property.
Other covenants	Our manufacturing partners shall be ISO 9000 certified. Components or products from our manufacturing partners shall meet the requirements of Restriction of Hazardous Substance Directive.
Termination	The service agreement can be terminated by either party serving six to 12 months' notice on the other party in the absence of default by any party.

The price we agree to pay to our manufacturing partners is determined by reference to a number of factors, including the manufacturing partner's labour costs and complexity of the product. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material dispute with our manufacturing partners.

OVERLAPPING CUSTOMER AND SUPPLIER

During the Track Record Period, one of our suppliers was also our customer (the "**Subject Supplier**"). The Subject Supplier is a company based in the PRC and its parent company is one of the leading OTT platform and smart device providers based in the PRC. The transaction with the Subject Supplier involved the procurement of components (being ICs) by us from the Subject Supplier for product assembly (via our manufacturing partners) and then we sell our finished remote control products to this Subject Supplier. The Subject Supplier required us to procure the ICs from them which were designated for their products in order to ensure that the products assembled by us (through our manufacturing partner) conform to their technical requirements and to better manage the cost structure by controlling the source of the key component for our product assembly process.

To the best knowledge of our Directors, save as disclosed above, no other supplier is also our major customer, or vice versa, during the Track Record Period. The Subject Supplier has been our customer since 2018 and sales to the Subject Supplier attributed to 4.8% and 6.1% of our total revenue for FY2018 and 4M2019, respectively. The amount of purchases from the Subject Supplier attributed to 2.2% and 4.4% of our total cost of sales for FY2018 and 4M2019, respectively.

INVENTORY MANAGEMENT

Our procurement team within our operations department makes procurement decision based on a rolling demand forecast of our customers, which is prepared and updated by us based on market intelligence we collect from our customers, our assessment on the market condition, and our inventory status.

We generally place procurement orders to our suppliers taking into account, among others, production lead time of our suppliers. For components like plastics and keymats, procurement orders are generally made around two to four weeks in advance of delivery, and for materials like ICs, around two to five months. To the extent that our inventory level is insufficient to meet sudden surge in customers' demand, we may be able to obtain extra supplies from our suppliers if they have stocks available. Our Enterprise Resource Planning system provides us with a real-time access to the inventory level of our components, allowing us to effectively monitor our inventory level and quickly response to any unexpected shortage of components required for the production activities of our manufacturing partners.

Our inventory comprises mainly components and finished goods. We have inventory policies for safety stock in order to maintain the flexibility in our remote control model making, trial run and for the production activities of our manufacturing partners. Safety stock is determined based on historical consumption pattern or based on the decision of the procurement team together with our sales team subject to adjustment by the procurement team after periodic review. For electronic components of which the supply is tight, after obtaining approval from the operating manager, we may keep strategic buffer inventory so as to have readily available stocks to support the product assembly activities by our manufacturing partners and thereby shorten the supply chain process.

We retrieve our inventory on a first-in first-out principle and proper approvals are required for inventory retrievals. In addition to an annual stock take, we regularly perform sample physical stock takes at our warehouses to ensure the accuracy of our inventory records and to monitor the turnover and age of our inventory. We conduct visual check on incoming products delivered to us to ensure that the products are consistent with the order and that the product packaging is intact, which is an important way of ensuring that the products have not been tampered with, before we accept delivery.

Our inventory turnover days for FY2016, FY2017, FY2018 and 4M2019 were 60, 72, 64 and 51 days, respectively.

LOGISTICS AND TRANSPORTATION

We have adopted a shipping handling procedure pursuant to which a shipping plan is issued by us on a weekly basis to our suppliers and manufacturing partners. Our suppliers would prepare the components to be shipped according to the shipping plan and arrangements are made by us to pick up and deliver the components from our suppliers to the location or the warehouse of the manufacturing partners. Our procurement team of the operations department is responsible for tracking and monitoring the shipments to ensure they are delivered on time and in good quality.

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During the Track Record Period, we have outsourced the delivery and logistics services to external forwarders who were Independent Third Parties to deliver our products from our manufacturing partners warehouses, arrange for export clearance and international shipments to locations designated by our customers. These external logistics service providers are responsible for any damage to our finished products during the transportation and shall compensate us for the loss suffered as a result. For FY2018, we engaged 12 logistics services providers.

Our selling and distribution expenses amounted to US\$7.7 million, US\$8.4 million, US\$8.8 million and US\$2.8 million, respectively for FY2016, FY2017, FY2018 and 4M2019, which include fees paid to logistic service providers amounted to US\$1.7 million, US\$1.4 million, US\$1.5 million and US\$0.6 million respectively.

To facilitate our logistics arrangement with the customers situated in the U.S., we have entered into warehousing services agreement with an Independent Third Party, pursuant to which, the service provider agreed to accept, handle and store the goods received from us in a dedicated warehouse situated in Texas and provide ancillary logistics services for a monthly fee payable by us.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any material disruption or damage to products in the delivery process.

QUALITY CONTROL

We place great emphasis on our products as quality is of paramount importance to the end-users of our products. Given that our products are primarily operated to interact with and enable the devices of our customer and are used on a daily basis, it is of utmost importance that they deliver smooth user experience and are of consistently high quality. As at 30 April 2019, we had nine staff at the quality control team of our operations department to ensure the effective implementation of our quality control system.

We have in place a comprehensive quality control policy implemented by our quality control team, which include the following measures:

- from time to time organise with our sales team to make improvement action plan based on customer's feedback collected;
- organise quality system committee and conduct internal audit and improvement meetings regularly to exchange information, review the system and ensure observance by our staff;
- conduct internal assessment on customer satisfaction and supplier evaluation; and
- provide training to the staff to enhance their awareness and competence in quality control.

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In addition, we have adopted the following quality control procedures for our supply chain management:

- *Selection of suppliers* – we have a supplier selection policy in place to source, select and approve new suppliers. In selecting our suppliers, reference is made to (a) price; (b) product and service quality which is demonstrated by the compliance with the standards set by us or our customers; (c) payment terms offered; (d) production capability; and (e) overall stability and reliability in supply of products and services. We also perform supplier audits periodically and would adjust our purchase orders with reference to our internal supplier rating system.
- *Quality of components* – other than suppliers designated or appointed by our customers, we only use suppliers who have been approved by us to ensure that our components meet our quality standards. We procure components directly and seek quotation from multiple supplier candidates to the extent practicable for ensuring that components supplied to us are of consistently high quality and reducing dependence on the single source of supply. We have stringent quality check policy which sets out the process, the caution points, sample size/frequency, checking equipment, recording method and responsible parties. Inspections of components are conducted upon their receipt to ensure their quantity, appearance, dimensions, accuracy of component placement, packaging and other specifications are in compliance with our requirements and free from defects. Components failing to fulfil our requirements will be rejected and returned to the relevant supplier.
- *Quality assurance of our product assembly process* – we conduct reviews with our manufacturing partners on a weekly and monthly basis regarding their assembly process. We also perform process audit in their production locations from time to time. All these procedures target to ensure the quality of our products, seek to improve their work processes and reduce fall off rate. To reinforce our quality control measures on manufacturing partners, we will assist our manufacturing partners in setting up the production lines for new product or new customer by providing necessary support and tooling. We will enter into supplier quality agreement or specify in our assembly service agreement with our manufacturing partner the quality control standards, purchasing and process controls and other parameters required to be fulfilled by our manufacturing partner. We may require our manufacturing partners in our agreement with them to give material allowance which covers material loss due to damage from production and material attrition loss.
- *Quality of finished goods* – We conduct inspection on packing conditions, functions (e.g. pairing test with the STBs of our customer), appearance such as colour and texture of the remote controls, mechanical condition and product label (such as correct part numbers) of finished goods.
- *Customer complaint handling* – We have policy requiring prompt response to customer's complaint and effective report as per the request of our customer to facilitate good communication with both customer and our staff. Report on customer complaint is generated weekly and monthly. We will also perform cost tracking for every quality issue.

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With our well-established quality control measures, we achieved low product failure rate during the Track Record Period. Our Directors confirm that we did not receive any material complaints from our customers in relation to our product quality during the Track Record Period and up to the Latest Practicable Date.

CERTIFICATIONS AND RECOGNITION

Our awards or recognition received are set out below:

Certification/Recognition	Awarding Authority/ Accrediting Body	Validity period of the award/recognition
ISO 9001:2015	SGS-CSTC Standards Technical Services Co., Ltd.	12 January 2018 to 31 January 2020
ISO 14001:2015	SGS United Kingdom Ltd.	1 November 2018 to 31 October 2021
OHSAS 18001:2007	SGS-CSTC Standards Technical Services Co., Ltd.	1 November 2018 to 12 March 2021
Technologically Advanced Service Enterprise Certificate (技術先進型服務企業證書)	People's Government of Suzhou Municipality (蘇州市人民政府)	24 December 2018 to 24 December 2021

COMPETITION

According to Frost & Sullivan, the global home control solution market is considered to be competitive and fragmented, with the top three players contributing to 46.7% of the market in terms of revenue. Players in the home control solution market primarily compete in terms of (i) industry expertise; (ii) product innovation capabilities; (iii) reputation; (iv) ability to build long term relationships with fellow market players; (v) supply chain management; and (vi) capital requirements. We believe that along with our solid partnership with blue-chip customers, strong R&D capability and proven track record in delivering innovative, high-quality, and complete home control solutions to customers, together with our expected growth to be fueled by the proposed implementation of our future plans as more particularly set out in "Our Business Strategies" in this section, we are well-positioned to continue to distinguish ourselves from our peers, stand out in the market, and enlarge our market share.

ENVIRONMENTAL PROTECTION, HEALTH AND WORK SAFETY

Due to the nature of our business, we are not subject to significant health, safety and environmental risks. During the Track Record Period and up to the Latest Practicable Date, we did not have any material accident, work injury claim for personal or property damages, compensation to staff or any other incident arising from non-compliance with occupational, health, safety or environmental regulations.

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As required under the applicable laws of the jurisdictions in which we operate our business, we take out employees' compensation insurance for our employees. As at the Latest Practicable Date, we had not encountered any material claims or complaints from our employees, customers or the public in respect of work safety or health issues relating to our business operations. We have also in place a staff manual on work safety.

OUR EMPLOYEES

As at 31 December 2018 and 30 April 2019, we had a total of 186 and 187 full-time employees. Set out below is the number of our full-time employees by function as at 31 December 2018 and 30 April 2019, respectively:

Function	Number of employees	
	As at 31 December 2018	As at 30 April 2019
Senior management	12	12
Operation		
– Procurement and Purchasing	21	23
– Supply chain management	1	2
– Quality control	9	9
– Planning	11	10
– Manufacturing	3	3
R&D	83	83
Marketing and Innovation	8	8
Sales	23	23
Human resources, Finance and Administration	15	14
	186	187
Total:	186	187

Set out below is the number of our full-time employees by location as at 31 December 2018 and 30 April 2019, respectively:

Location	Number of employees	
	As at 31 December 2018	As at 30 April 2019
Singapore	39	39
The PRC	127	128
United States	8	8
Belgium	6	6
India	3	3
Taiwan	1	1
Brazil	2	2
	186	187
Total:	186	187

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We recruit our employees mainly through online recruitment platform, recruitment agent and by internal referral. Technical qualification, character, adaption to our corporate value and language skills are our key recruitment criterion. As a leading market player in the industry, our staff should always stay at the technological forefront of the industry, firmly grasp our customers' needs and effectively market our products and services to our customers across the territories. Thus, we place significant emphasis on investment on people and recognise the significance of the continuing learning and education of our employees along with our growth. Our human resources department rolls out regular trainings in the areas of electrical and software application or know-how, industry knowledge, language skills, best business practices and customer services throughout the year to enhance our staff's work performance. We also arrange external speakers to give seminars on technology development and language skills to widen the horizon of our employees.

We offer competitive remuneration packages to our employees. We also take out insurance on top of the minimum government requirement for our employees. We generally recruit our employees from the open markets and determine the salary of our employees mainly based on their qualifications, relevant work experience, position and seniority. We also roll out an incentive scheme to motivate our sales staff by offering performance-based bonus under different scenarios, for example, where they have successfully introduced a new customer to us, such customer started to contribute revenue to our Group and the project has completed. We will review the performance of our staff periodically and the results of which are used as a reference to determine any salary adjustments and promotions.

During the Track Record Period, we had provided the employee benefit and made the contribution to the provident funds (if required) for our employees under the applicable laws of the jurisdictions in which we carry on our operations. As at the Latest Practicable Date, HCS (Suzhou) did not directly make contributions to the social insurance and housing provident funds for 17 out of 129 employees through its own social security account but delegated such responsibility to third parties instead. The relevant amount of contributions to social insurance and housing provident funds involved for FY2016, FY2017, FY2018 were approximately US\$0.04 million, US\$0.33 million and US\$0.70 million, respectively. The reasons for such arrangement are that (i) some employees live in different cities other than Suzhou; and (ii) the other employees live in Suzhou Industrial Park which adopts different contribution standards, and these employees prefer their social insurance and housing provident funds be paid at their resident places. Given the additional costs and technical complexity of the process that may be involved, it would be commercially unreasonable for us to set up new branches in different cities merely for making social insurance and housing provident funds contributions for these employees. On the other hand, Home Control Suzhou did not employ any employee and therefore did not complete the registration for social insurance fund and housing provident fund.

Under PRC laws, HCS (Suzhou) may be ordered by relevant authorities to pay relevant contributions by itself and a late payment fee within a prescribed time limit and complete its registration for social insurance fund and housing provident fund within a given period. Home Control Suzhou may be ordered to complete its registration for housing provident fund and social insurance fund. Failure to do so may incur penalties. As at the Latest Practicable Date, HCS (Suzhou) had made timely and full payments of social insurance and housing provident funds through the third party human resources agencies for relevant employees. In addition,

only an insignificant portion of employees were involved in the aforesaid arrangement and the arrangement was made with the consent of those employees. As at the Latest Practicable Date, HCS (Suzhou) had not received any complaint, investigation, or administrative penalty as a result of the arrangement nor had HCS (Suzhou) been involved in any labor dispute, arbitration or lawsuit in relation to the arrangement. Based on the consultation with competent social insurance and housing provident funds governmental authorities in Suzhou, Home Control Suzhou will not be imposed penalty for its failure to complete social insurance registration or housing provident registration as no employee is employed by it. Therefore, as advised by our PRC Legal Advisers, the risk of (i) HCS (Suzhou) being ordered to pay the outstanding contribution and the late payment fee; and (ii) Home Control Suzhou being ordered to complete its registration for housing provident fund and social insurance fund is remote. For details relating to our compliance with social insurance and housing provident fund regulations in the PRC, please see “Risk Factors — Risks Relating to Conducting Business in the PRC — We are not in full compliance with social insurance and housing provident fund regulations in the PRC”.

Our Directors consider that we have maintained good relationships with our employees. During the Track Record Period, we did not experience any significant turnover of staff or any disruption to our business operations due to labour disputes.

EMPLOYEE RELATED POLICY

We consider that our employees are the most valuable assets of our Group and it is important to maintain harmonious relationships and working atmosphere with a view to ensuring stable growth of our Group. As such, in addition to complying with relevant labour laws, we have developed sound wage systems and benefit policies to ensure all employees are treated reasonably and fairly, including:

- equal opportunities, diversity and inclusiveness: we respect gender, age and ethnicity of each person. Each job applicant has an equal opportunity and will be treated equally. Further, any promotion within our Group would be based solely on the employee’s performance, experience and capability. Factors that are not related to work, such as marital status, would not have no impact on an employee’s promotion; and
- employee’s protection and benefits: we enter into employment contracts with our full-time employees so as to accord protection to them under the relevant labour laws. We also purchase medical insurance for our employees so that they and their families could enjoy medical services.

INTELLECTUAL PROPERTY

To protect our business name, technical know-how, reputation and corporate image, we have registered or made applications to register our patents, copyrights or trade marks under various classes in different jurisdictions. All our intellectual property related matters are centrally managed and maintained in Singapore; and all our employees shall maintain confidentiality of all intellectual property creations owned by our Group.

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As at the Latest Practicable Date, we had over 200 invention patents (including granted patents and patents under examination), of which the following were considered to be material to our business: 13 invention patents in the European Union, 11 invention patents in the PRC, 10 invention patents in the U.S., and one invention patent in Japan. We had three material pending invention patent applications in the PRC, two pending international invention applications under the Patent Cooperation Treaty and in Taiwan, and one pending invention patent application in each of the U.S. and the European Union, respectively. For details of our intellectual property rights which are material to our business, see “Statutory and General Information — B. Further Information about Our Business — 2. Intellectual property rights of our Group” in Appendix IV to this prospectus. During the Track Record Period, we had granted licenses to Independent Third Parties in respect of the use of various intellectual properties held by us, and received the royalties or licensing fee in the amount of US\$0.8 million, US\$1.0 million, US\$0.5 million and US\$13,000, respectively, for FY2016, FY2017, FY2018 and 4M2019. During the Track Record Period, we had entered into two license agreements with Independent Third Parties whereby intellectual properties were licensed to us for our use in product development and production purposes. Licensing fees paid by us as licensee amounted to US\$1.2 million, US\$1.1 million, US\$0.9 million and US\$0.3 million, respectively, for FY2016, FY2017, FY2018 and 4M2019.

Our Directors have confirmed that, to their best knowledge after making all reasonable enquiries, as at the Latest Practicable Date, we were not aware of any material infringement of any intellectual property rights of our Group which had an adverse effect on our business nor were we aware of any pending or threatened litigation or legal proceedings against us relating to the infringement of any intellectual property rights owned by third parties.

OUR PROPERTIES

As at the Latest Practicable Date, we did not own any property.

Leased property

As at the Latest Practicable Date, we leased a total of four properties, which were used as our offices. The lessors or landlords of our leased properties are Independent Third Parties.

The following table sets forth details of our leased properties as at the Latest Practicable Date:

	Address	Leased term	Approx. area	Usage
1.	151 Lorong Chuan, #04-03A New Tech Park, Singapore 556741	1 November 2018 to 31 October 2021	6,308 sq. ft.	Project design and development, product testing and qualifications, and ancillary office

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	Address	Leased term	Approx. area	Usage
2.	19th and 20th Floors, Building 3, No. 209, Zhuyuan Road, Suzhou High-tech Zone, the PRC	1 July 2018 to 30 June 2019/ 1 July 2019 to 30 June 2020	2,944.64 sq. m.	Office
3.	Office C226, 11th Floor, No. 209 Citizens Avenue, Datong District, Taipei	1 May 2019 to 30 April 2020	5.95 sq. m.	Office
4.	3012 Leuven, Kolonel Begaultlaan 1, Belgium	1 October 2016 to 28 November 2023	182.81 sq. m.	Office

Our lease in Suzhou may be terminated without notice but subject to forfeiture of deposit. We do not foresee any material difficulty in renewing the terms of our existing leases before or upon expiry.

As at the Latest Practicable Date, we have entered into four service agreements with four service providers, who are Independent Third Parties, for procuring warehousing services in Texas and office services in Texas, India and Brazil.

The following table sets forth details of our offices and warehouse under the services agreements as at the Latest Practicable Date:

	Address	Contract term	Services	Usage
1.	Rua Capitão Antônio Rosa 376, CJ 31 – Jardim Paulistano, São Paulo, Brazil – SP CEP: 01443-010	From the effective date of the agreement until termination	General company secretarial services. Use of conference room upon request	Temporary office/ conference room
2.	7362 Remcon Circle, ELP, Texas 79912	1 May 2019 to 30 April 2020	General company secretarial services. Shared office space service	Office

BUSINESS

Address	Contract term	Services	Usage
3. DLF Building no.9, Tower B, 14th floor, Office no.7, DLF Cyber City, Phase 3, Gurugram 122002, India	1 September 2017 to 31 January 2021	General company secretarial services. Designated office space service	Office
4. Trans-Expedite Inc. Warehouse 9 Founders Blvd, El Paso, Texas 79906	Effective from 1 July 2019	Warehousing and distribution services	Warehouse

The service agreement for the warehouse service in Texas, U.S. may be terminated with one month notice period in case of breach and, the term of the other service agreements are fixed and could not be terminated prior to the expiration of their respective terms. We do not foresee any material difficulty in renewing the terms of our existing service agreements before or upon expiry.

The lease liabilities amounted to US\$1.4 million, US\$1.2 million, US\$1.1 million and US\$1.0 million, respectively during the Track Record Period.

As at 30 April 2019, our property interests do not form part of our property activities and no single property interest that forms part of our non-property activities has a carrying amount of 15% or more of our total assets. Accordingly, pursuant to section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong), this prospectus is exempted from compliance with the requirements of section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, which require a valuation report with respect to all of our Group's interests in land or buildings.

INSURANCE

As at the Latest Practicable Date, we maintained a number of insurance policies, including (i) general liability insurance; (ii) property insurance for our assets; (iii) auto insurance; (iv) insurance policies with coverage against, amongst others, work injury and crime; (v) marine insurance; (vi) directors' and officers' liability insurance, (vii) employee's compensation insurance; and (viii) life and/or medical insurance for employees. We also maintain social insurance policies for our employees in PRC.

Our Directors consider that our insurance coverage is adequate and consistent with best industry practice having regard to our current operations and the prevailing industry practice and in accordance with applicable laws and regulations. During the Track Record Period and up to the Latest Practicable Date, we had not made or been the subject of any material product liability or insurance claims.

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COMPLIANCE AND LEGAL PROCEEDINGS

Compliance

As at the Latest Practicable Date, we had obtained all requisite permits, licences and approvals material for our business operations in the jurisdictions in which we carried on our business, and as at the Latest Practicable Date, such approvals, licences and permits had not been revoked, cancelled or otherwise expired and we had not been materially penalised by national or local authorities for violations of laws and regulations. The following table sets forth a list of approvals and permits that are necessary for our business operations:

No.	Jurisdiction	Holder of permit/licence	Approval/ Permit no.	Activities permitted	Issuing Authority	Date of issuance	Date of expiry
1.	The PRC	Home Control Suzhou	3205343419	The Customs Declaration Registration Certificate of the PRC (中華人民共和國海關報關單位註冊登記證書)	Suzhou Customs of the PRC (中華人民共和國蘇州海關)	31 July 2015	Long-term
2.	The PRC	Home Control Suzhou	3202611674	Registration Form of Enterprises Applying for Entry-Exit Inspection and Quarantine (出入境檢驗檢疫報檢企業備案表)	Jiangsu Entry-exit Inspection and Quarantine Bureau of the PRC * (中華人民共和國江蘇出入境檢驗檢疫局)	25 August 2015	Long-term
3.	The PRC	HCS (Suzhou)	3205343402	The Customs Declaration Registration Certificate of the PRC (中華人民共和國海關報關單位註冊登記證書)	Suzhou Customs of the PRC (中華人民共和國蘇州海關)	3 November 2015	Long-term
4.	The PRC	HCS (Suzhou)	3202611156	Registration Form of Enterprises Applying for Entry-Exit Inspection and Quarantine (出入境檢驗檢疫報檢企業備案表)	Jiangsu Entry-exit Inspection and Quarantine Bureau of the PRC * (中華人民共和國江蘇出入境檢驗檢疫局)	29 December 2015	Long-term

During the Track Record Period and up to the Latest Practicable Date, our Directors confirm that our business operations had complied with all applicable laws, rules and regulations in all material respects.

Legal proceedings

Our Directors confirm that, to their best knowledge after making all reasonable enquiries, as at the Latest Practicable Date, we were not aware of any pending or threatened litigation, arbitration or administrative proceeding against us or any of our subsidiaries which could have a material adverse effect on our financial condition or results of operations.

INTERNAL CONTROL

Our Board is responsible for establishing our internal control system and reviewing its effectiveness. We believe that our internal control systems and current procedures are sufficient in terms of comprehensiveness, practicability and effectiveness. The following are some of the key internal control measures we have adopted to minimise our operational risks:

- We have adopted Omni Remotes General Business Practice (“**GBP**”) which all our employees are required to observe. Our GBP sets out a code of conduct covering key aspects of our operations including, product safety and protection of intellectual property. Our GBP also includes whistleblowing policies to encourage all employees to speak up against any sub-standard behaviour.
- We have strict approval hierarchy with respect to the internal approval for signing contracts, grant of credit terms and spending.
- To manage the risk arising from our multi-national operation, we will consult local legal advisers in the relevant jurisdictions for the setting up or the operation of any office or other local regulatory compliance matters.
- To manage and reduce the risk of infringing third parties intellectual property rights during the course of business, we adopt the Intellectual Property Policy.
- Our Directors attended training sessions on applicable laws and regulations, including the Listing Rules, provided by our legal advisers prior to the Listing. We will continue to arrange various trainings to be provided by the legal advisers engaged by us from time to time and/or any appropriate accredited institution to update the knowledge of our Directors, senior management and relevant employees on the relevant laws and regulations.
- We have appointed Mason Global Capital as our compliance adviser with effect from the date of Listing to advise on ongoing compliance with Listing Rules issues and other applicable securities laws and regulations in Hong Kong.
- We have also established an audit committee comprising three independent non-executive Directors as part of our measures to improve corporate governance. The primary duties of the audit committee are to provide our Directors with an independent review of the effectiveness of the financial reporting process, internal control and risk management system of our Group, to oversee the audit process and to perform other duties and responsibilities as assigned by our Directors.

We do not adopt any hedging policy. For details of the associated risk, please refer to “Risk Factors — We are Subject to Risks Associated with Foreign Exchange Rate Fluctuations”.

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In preparation of the Listing, we have engaged an advisory firm as our independent internal control adviser (the “**IC Adviser**”) to perform a review of internal controls over certain business processes of our Group and provide recommendations on the findings identified so as to assist our Group in improving our internal control system, risk management system and corporate governance. In April 2019, the IC Adviser carried out the review of our internal control system for the period between 1 April 2018 and 31 March 2019 for selected entities of our Group, covering entity level controls and process level controls over business processes of sales, procurement, inventory management, intellectual property management, research and development, human resources and payroll, fixed assets, cash and treasury management, taxes, financial reporting and disclosures, and IT general controls. Based on the review approach and work procedures of the IC Adviser, the IC Adviser has identified internal control findings and provided recommendations accordingly. We had subsequently implemented such recommendations. From May to June 2019, the IC Adviser has performed follow-up review on our enhanced internal control system. In our opinion, which is also agreed by the Sole Sponsor, we are not aware of any findings that the IC Adviser has reported are material.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

OUR CONTROLLING SHAREHOLDERS

Immediately following completion of the Capitalisation Issue and Global Offering (assuming the Over-allotment Option is not exercised and without taking into account any Shares to be allotted and issued upon exercise of any options granted under the 2015 Stock Option Plan), NHPEA will be entitled to exercise voting rights of approximately 75% of the issued share capital of our Company. NHPEA is wholly owned by NHPEA Holdings, which is wholly owned by NHPEA Cayman. NHPEA Cayman is wholly owned by NHPEA L.P., the general partner of which is MSPEA IV L.L.C. As a result, MSPEA IV L.L.C., NHPEA L.P., NHPEA Cayman, NHPEA Holdings and NHPEA will be our Controlling Shareholders upon Listing. Please see the section headed “Substantial Shareholders” in this prospectus for further details of our Controlling Shareholders and their shareholdings in our Company.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

In the opinion of our Directors, our Group is capable of carrying on our businesses independently of, and does not place undue reliance on, our Controlling Shareholders, their respective close associates or any other parties.

Management Independence

Our Board consists of six Directors, comprising one executive Director, two non-executive Directors and three independent non-executive Directors. The management of our Group is led by Mr. Alain Perrot, our executive Director and chief executive officer, who is supported by a team of senior management. All of the members of our senior management have been managing the businesses of our Group since the commencement of the Track Record Period. Each of our senior management possesses relevant management and/or industry-related experience. Please see the section headed “Directors and Senior Management” in this prospectus for further details of their management experience.

Our two non-executive Directors, namely Mr. Yu GAO and Mr. Kwok King Kingsley CHAN, were nominated by NHPEA and serve as NHPEA’s board representation in our Company. They are also employees of an affiliate of our Controlling Shareholders.

Our Group’s executive Director and members of the senior management do not hold any positions in our Controlling Shareholders or their affiliates.

Our Directors are of the view that we are capable of managing our business independently from our Controlling Shareholders for the following reasons:

- (1) Mr. Yu GAO and Mr. Kwok King Kingsley CHAN, as our non-executive Directors, take a supervisory role in our Company and will not be involved in the daily management of our Group;
- (2) our Group’s strategies, management, operations and affairs are formulated, led, managed and/or supervised by the Board and not by any individual Director. All major and important corporate actions of our Group are and will be fully deliberated and determined by the Board collectively and objectively as a collective body;

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

- (3) our Company has maintained and will continue to maintain a balanced composition of executive Directors, non-executive Directors and independent non-executive Directors with diversified expertise and experience, so that a strong independent element is present to effectively exercise independent judgment on the corporate actions of our Group and a sufficient degree of checks and balances among members of the Board can be ensured;
- (4) pursuant to the terms of the service contract entered into between our Company and the executive Director, the executive Director is required to devote substantially the whole of his energy and time to the business of our Group and use his best endeavours to develop and extend the business of our Group;
- (5) in the event of a conflict of interest arising out of any transactions to be entered into by our Group, any Directors with a conflicting interest shall abstain from voting in respect of such transactions and shall not be counted in forming quorum at the relevant Board meetings;
- (6) our three independent non-executive Directors have extensive experience in different areas and have been appointed in accordance with the requirements under the Listing Rules to ensure that the decision of the Board are made only after due consideration of independent and impartial opinions;
- (7) our Company has established corporate governance procedures in safeguarding the interests of the Shareholders and enhancing Shareholders' value. Each of our Directors is aware of his fiduciary duties as a Director, which require, among other things, that he acts for our Company's benefits and best interest and do not allow any conflict between his duties as a Director and his personal interests; and
- (8) our Company has an independent senior management team to carry out the business decisions of our Group independent from our Controlling Shareholders. None of the members of our senior management team holds any directorship or position in our Controlling Shareholders.

Operational Independence

Our Group has established our own set of organisational structure made up of individual departments, each with specific areas of responsibilities. Our Group has also established a set of internal control mechanisms to facilitate the effective operation of our business. We do not rely on our Controlling Shareholders for any significant portion of our revenue, product, development, staffing, marketing and sales activities. Our customers and suppliers are all independent from our Controlling Shareholders. For the reasons above, our Directors are of the view that our Group is able to operate independently from our Controlling Shareholders after the Global Offering.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

Financial Independence

Our Group has an independent financial system, an independent accounting department and makes financial decisions according to our business needs. Our Group has sufficient capital to operate our business independently and has adequate internal resources and credit profile to support our daily operations.

As of 31 December 2016, 2017 and 2018 and 30 April 2019, our loan from NHPEA Cayman amounted to US\$2.2 million, US\$2.3 million, nil and nil, respectively. As of the Latest Practicable Date, all loans and advances due to our Controlling Shareholders and their associates were fully settled. See “Financial Information — Indebtedness” in this prospectus for further details about the indebtedness of our Company. Save as disclosed herein, there is no other financing relationship between our Group and our Controlling Shareholders.

For the reasons above, our Directors believe that our Group is financially independently of our Controlling Shareholders in all material aspects.

RULE 8.10 OF THE LISTING RULES

Our Controlling Shareholders, our Directors and their respective associates do not have any interest in a business, apart from our Group’s business, which competes or is likely to compete with our business, whether directly or indirectly, or would otherwise require disclosure under Rule 8.10 of the Listing Rules.

CORPORATE GOVERNANCE MEASURES

Our Company will adopt the following corporate governance measures to avoid potential conflict of interests and safeguard the interests of our Shareholders:

- (a) compliance with the Listing Rules, in particular, strictly observe any proposed transactions between us and connected persons and comply with the reporting, annual review, announcement and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules where applicable;
- (b) in the event that connected transactions, if any, between our Group and other business in which any Directors or their respective associates had any interest are submitted to the Board for consideration, the relevant interested Director will not be counted in the quorum and will abstain from voting on such matters, and majority votes on such matters, and majority votes by non-conflicted Directors are required to decide on such connected transactions;
- (c) appointment of Mason Global Capital as our compliance adviser to advise us on the compliance matters in respect of the Listing Rules and applicable laws and regulations; and
- (d) appointment of three independent non-executive Directors in order to achieve a more independent composition of our Board. The independent non-executive Directors have the qualification, integrity, independence and experience to fulfill their roles effectively. Please see the section headed “Directors and Senior Management” in this prospectus for further details of our independent non-executive Directors.

DIRECTORS AND SENIOR MANAGEMENT

BOARD OF DIRECTORS

The Board currently consists of six Directors, comprising one executive Director, two non-executive Directors and three independent non-executive Directors. The functions and duties of the Board include convening shareholders' meetings, reporting on the Board's work at these meetings, implementing resolutions passed in these meetings, determining business and investment plans, formulating our annual budget and final accounts, and formulating our proposals for profit distributions as well as the increase or reduction of share capital. In addition, the Board is responsible for exercising other powers, functions and duties in accordance with the Articles.

The table below sets forth the name, age, time of joining our Group, position, date of appointment as Director and roles and responsibilities of each of our Directors:

Name	Age	Time of Joining our Group	Position	Date of Appointment as Director	Roles and Responsibilities
<i>Executive Director</i>					
Mr. Alain PERROT	62	May 2015	Chief Executive Officer and Executive Director	10 November 2015	Overseeing overall business development and day-to-day operations of our Group
<i>Non-executive Directors</i>					
Mr. Yu GAO (高煜)	45	April 2015	Chairman of the Board, Non-executive Director and chairman of Nomination Committee	10 November 2015	Advising on the overall strategic planning of our Group
Mr. Kwok King Kingsley CHAN (陳國勁)	42	April 2015	Non-executive Director and member of Remuneration Committee	10 November 2015	Advising on the overall strategic planning of our Group
<i>Independent non-executive Directors</i>					
Mr. Werner Peter VAN ECK	51	July 2015	Independent non-executive Director and member of Audit Committee, Remuneration Committee and Nomination Committee	3 July 2015	Supervising and providing independent advice to the Board

DIRECTORS AND SENIOR MANAGEMENT

Name	Age	Time of Joining our Group	Position	Date of Appointment as Director	Roles and Responsibilities
Mr. Shou Kang CHEN (陳壽康)	58	October 2019	Independent non-executive Director and chairman of Audit Committee and Remuneration Committee	14 October 2019	Supervising and providing independent advice to the Board
Mr. Edmond Ming Siang JAUW	40	October 2019	Independent non-executive Director and member of Audit Committee and Nomination Committee	14 October 2019	Supervising and providing independent advice to the Board

Executive Director

Mr. Alain PERROT, aged 62, is the chief executive officer and the executive Director of our Company. Mr. Perrot is responsible for overseeing overall business development and day-to-day operations of our Group. Mr. Perrot joined our Group in May 2015 and has been a director of Home Control Singapore, Home Control Europe and our Company since September 2015, May 2015 and November 2015, respectively.

Prior to joining our Company, from April 2012 to December 2013, Mr. Perrot was the chief commercial officer and a director of TP Vision Holding BV, a company then owned by Philips and TPV Technology Limited (“TPV”), a monitor and TV manufacturer listed on both the Stock Exchange (stock code: 903) and Singapore Exchange Limited (stock code: T18), and principally engaged in TV business under the Philips brand. Mr. Perrot worked as the general manager of the branded TV business unit and vice president of TPV, from November 2010 to April 2012. Mr. Perrot served various positions within Philips group from October 1979 to September 2009 and worked as the chief executive officer of Philips Lighting Asia Pacific Region from January 2008 to September 2009.

Mr. Perrot obtained an engineering master degree in aeronautics and space from École Nationale Supérieure de l’Aéronautique et de l’Espace in August 1979.

Non-Executive Directors

Mr. Yu GAO (高煜), aged 45, is the chairman of the Board, a non-executive Director of our Company and the chairman of the Nomination Committee. Mr. Gao is responsible for advising on the overall strategic planning of the Group. Mr. Gao joined our Group in April 2015 and has been a director of Home Control Singapore and our Company since April 2015 and November 2015, respectively.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Gao is a managing director in the Private Credit & Equity Division of Morgan Stanley Asia Limited. Mr. Gao joined Morgan Stanley Asia Limited in August 2005 and is responsible for the private equity investment business in China. Mr. Gao has been serving as a non-executive director of Sparkle Roll Group Ltd (耀萊集團有限公司) (stock code: 970), a company listed on the Main Board of the Stock Exchange, since September 2010. From September 2007 to May 2013, he was a non-executive director of China Dongxiang (Group) Co., Ltd. (中國動向(集團)有限公司) (stock code: 3818), a company listed on the Main Board of the Stock Exchange, and has been re-designated as an independent non-executive director since May 2013. Mr. Gao was an independent non-executive director of Belle International Holdings Limited (百麗國際控股有限公司), a company delisted from the Main Board of the Stock Exchange in July 2017, from August 2014 to July 2017. He is a director of Shandong Buchang Pharmaceuticals Co. Ltd (山東步長製藥股份有限公司) (stock code: 603858), a company listed on Shanghai Stock Exchange in November 2016, since March 2012. He currently serves as an independent director of AMTD International Inc. (stock code: HKIB), a company listed on the New York Stock Exchange on 2 August 2019.

Mr. Gao obtained a master's degree in engineering-economic systems and operations research from Stanford University in September 1999. He obtained dual bachelor's degrees in engineering and economics from Tsinghua University (清華大學) in July 1997.

Mr. Kwok King Kingsley CHAN (陳國勁), aged 42, is a non-executive Director of our Company and a member of the Remuneration Committee. Mr. Chan is responsible for advising on the overall strategic planning of the Group. Mr. Chan joined our Group in April 2015 and has been a director of Home Control Singapore and our Company since April 2015 and November 2015, respectively.

Mr. Chan is a managing director in the Private Credit & Equity Division of Morgan Stanley Asia Limited. Mr. Chan joined Morgan Stanley Asia Limited in May 2007 and is responsible for the private equity investment business in China. He is an observer on the board of Yirendai Ltd. (stock code: YRD), a company listed on the New York Stock Exchange. He currently serves as the non-executive director of IVD Medical Holding Limited (華檢醫療控股有限公司) (stock code: 1931), a company listed on the Main Board of the Stock Exchange since June 2019. Prior to joining Morgan Stanley Asia Limited, Mr. Chan worked at the Asia Investment Banking Department of Citigroup Global Markets Asia Limited from September 1999 to June 2004 and Investment Banking Division of Credit Suisse (Hong Kong) Limited from July 2004 to April 2007.

Mr. Chan obtained a master's degree from the University of Cambridge in October 1999. He obtained a bachelor's degree in economics from the University of London in July 1998.

Independent Non-executive Directors

Mr. Werner Peter VAN ECK, aged 51, is an independent non-executive Director of our Company and a member of the Audit Committee, the Remuneration Committee and the Nomination Committee. Mr. Van Eck is responsible for supervising and providing independent advice to the Board. Mr. Van Eck joined our Group in July 2015 and has been a director of Home Control Singapore and our Company since November 2015 and July 2015, respectively.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Van Eck took over Micro Elektronische Producten B.V., a company principally engaged in the engineering activities and related technical consultancy businesses, in July 2015 and has worked as the chief executive officer of Micro Elektronische Producten B.V. since June 2015. He worked as the chief sales and marketing officer of WOOX Innovations Netherlands B.V., a company then owned by Philips and principally engaged in the development and marketing of Philips branded audio and video products, from October 2013 to October 2014. Prior to that, Mr. Van Eck worked in other companies within Philips group from December 1994 to September 2013.

Mr. Van Eck obtained a master's degree in business and economics from the Erasmus University of Rotterdam in December 1991.

Although Mr. Van Eck has previous directorships in our Company and Home Control Singapore, the Board considers Mr. Van Eck to be independent under the Listing Rules for the following reasons:

- (a) our Company has received from Mr. Van Eck the confirmation of his independence according to Rule 3.13 of the Listing Rules;
- (b) since his appointment as a Director in July 2015, Mr. Van Eck has performed independent non-executive role, including attending meetings of the Board and providing strategic advice and guidance, comments and opinions as to business matters of our Company, and has not participated in day-to-day management or operation of our Group;
- (c) Mr. Van Eck has no interests in the shares of our Company and is independent from, and are not related to, any Directors, senior management or substantial or Controlling Shareholders of our Company;
- (d) taking into account the independent nature of the roles and duties of Mr. Van Eck since his appointment and his industry experience, professional knowledge, management capabilities and knowledge of our Group's business, our Directors believes that the continuous appointment of Mr. Van Eck as an independent non-executive Director will help for the benefit of our Company and the Shareholders as a whole, in particular, the independent Shareholders.

Dr. Shou Kang CHEN (陳壽康), aged 58, is an independent non-executive Director of our Company and the chairman of the Audit Committee and the Remuneration Committee. Dr. Chen is responsible for supervising and providing independent advice to the Board. Dr. Chen joined our Company in October 2019.

Dr. Chen worked as the chief financial officer and senior vice president of King Yuan Electronics Co., Ltd. (京元電子股份有限公司), a company principally engaged in the business of design, manufacturing and selling, testing and assembly service of integrated circuits and listed on the Taiwan Stock Exchange (stock code: 2449), from May 2018 to August 2019. Dr. Chen worked as the chief financial officer and the vice president of the finance and accounting management centre of ChipMOS TECHNOLOGIES INC. (南茂科技股份有限公司) (“**ChipMOS Taiwan**”), a company principally engaged in providing testing and assembly services for liquid

DIRECTORS AND SENIOR MANAGEMENT

crystal display and other display panel driver semiconductors and advanced memory and logic/mixed-signal products in Taiwan and listed on Taiwan Stock Exchange (stock code: 8150) and the NASDAQ Stock Market (stock code: IMOS), from October 2002 to October 2017. Prior to that, Dr. Chen served as the chief financial officer and a director of ChipMOS TECHNOLOGIES (Bermuda) LTD., the then holding company of ChipMOS Taiwan and listed on the NASDAQ Stock Market prior to its merger with and into ChipMOS Taiwan in October 2016, from October 2002 to October 2016 and June 2005 to October 2016, respectively.

Dr. Chen obtained a Ph.D. degree in material science, a master's degree in material science from the graduate school of mining, metallurgy and material science and a bachelor's degree in mining and petroleum engineering from National Cheng Kung University in Taiwan (國立成功大學) in January 1994, June 1986 and June 1983, respectively.

Mr. Edmond Ming Siang JAUW, aged 40, is an independent non-executive Director of our Company and a member of the Audit Committee and the Nomination Committee. Mr. Jauw is responsible for supervising and providing independent advice to the Board. Mr. Jauw joined our Company in October 2019.

Mr. Jauw worked in the Asia Investment Banking Department of Citigroup Global Markets Asia Limited from July 2001 to November 2005. Mr. Jauw has started his own business since 2005. He is the co-founder of PT Asia Hamilton Resources, a company principally engaged in the mining business for coal, iron sand and iron ore in Indonesia and established in December 2005, PT Aesthetic Partners, a company principally engaged in health services and specialist medical clinics for facial beauty services in Indonesia and established in November 2013, PT Puro Aesthetic, a company principally engaged in business activities relating to specialist medical practice and clinics in beauty using treatments including tri-laser and anti-aging laser in Indonesia and established in January 2017, and PT Pain Relief Clinic, a company principally engaged in health services in paramedics and therapy and physiotherapist services using manual therapy, new technologies such as radiofrequency therapy, shockwave therapy and etc. in Indonesia and established in August 2018.

Mr. Jauw obtained a master's degree in management science and engineering from Stanford University in June 2001 and a bachelor's degree in economics from London School of Economics and Political Science in July 2000.

Save as disclosed in this prospectus, each of our Directors has confirmed that:

- (i) he or she does not and has not held any other directorships in listed companies during the three years immediately prior to the date of this prospectus;
- (ii) there is no other information in relation to his appointment which is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules; and
- (iii) there is no other matter relating to his or her appointment as a Director that need to be brought to the attention of our Shareholders.

None of our Directors has any interests in a business apart from our Group's business which competes or is likely to compete, directly or indirectly, with our Group's business and would require disclosure under Rule 8.10 of the Listing Rules.

DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

The following table sets out certain information concerning each of the senior management members of our Group:

Name	Age	Time of Joining our Group	Current Position	Roles and Responsibilities
Mr. Jean Paul L. ABRAMS	56	January 1995	Head of Sales	Responsible for sales activities in Europe and leading our sales teams in Europe and Latin America
Mr. Kwok Hoong SIU (蕭國雄)	51	September 1999	Head of Marketing and Innovation	Responsible for leading the research and development and product marketing teams in Singapore to generate innovations, intellectual properties and support the sales team in pre-sales marketing and commercial negotiation activities
Ms. Guat Beng NG (黃月明)	53	January 2010	Global Financial Controller	Responsible for supervising the compliance of our Group's financial practices, monitoring cash flow, accounts and other financial transactions and overseeing finance teams in day-to-day accounting and finance operations

Mr. Jean Paul L. ABRAMS, aged 56, is the head of sales of our Group. Mr. Abrams is responsible for sales activities in Europe and leading our sales teams in Europe and Latin America. Mr. Abrams joined our Group in January 1995 and has 24 years of experience with our Group. Prior to joining our Group, Mr. Abrams served various positions in Philips group from May 1987 to December 1994. Mr. Abrams obtained a bachelor's degree in economic sciences from Limburg Business School in Diepenbeek, Belgium in September 1983 and a master's degree in applied economic sciences from Catholic University of Leuven in March 1987, respectively.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Kwok Hoong SIU (蕭國雄), aged 51, is the head of marketing and innovation of our Group. Mr. Siu is responsible for leading the research and development and product marketing teams in Singapore to generate innovations, intellectual properties and support the sales team in pre-sales marketing and commercial negotiation activities. Mr. Siu joined our Group in September 1999 and has 19 years of experience with our Group. Mr. Siu obtained a bachelor's degree in engineering from National University of Singapore in July 1991.

Ms. Guat Beng NG (黃月明), aged 53, is the global financial controller of our Group. Ms. Ng is responsible for supervising the compliance of our Group's financial practices, monitoring cash flow, accounts and other financial transactions and overseeing finance teams in day-to-day accounting and finance operations. Ms. Ng joined Philips in January 2003 and our Group in January 2010 and has 9 years of experience with our Group. Ms. Ng also serves as a director of HCS (Suzhou), Home Control Suzhou and Home Control Europe. Ms. Ng obtained a master's degree of business administration from Schulich School of Business of York University in Toronto, Canada in June 2001.

None of our senior management has been a director of any listed company in the past three years.

COMPANY SECRETARY

Ms. Yee Man WONG (黃綺汶), was appointed as the company secretary of our Company on 17 June 2019. Ms. Wong is currently a manager of Vistra Corporate Services (HK) Limited, a professional provider of corporate services. She has had over eight years of experience in providing company secretarial and compliance services to private and listed companies.

Ms. Wong obtained a bachelor's degree of science majoring in risk management from The University of Hong Kong and a master's degree of science in professional accounting and corporate governance from City University of Hong Kong, respectively. She has been an associate member of The Hong Kong Institute of Chartered Secretaries and an associate member of The Institute of Chartered Secretaries and Administrators in the United Kingdom since 2012.

BOARD COMMITTEES

We have established the following committees under the Board: Audit Committee, Remuneration Committee and Nomination Committee. The committees operate in accordance with their respective terms of reference established by the Board.

Audit Committee

We have established the Audit Committee with written terms of reference in compliance with the Code on Corporate Governance Practices, as set out in Appendix 14 to the Listing Rules. The Audit Committee consists of three independent non-executive Directors, namely Mr. Shou Kang CHEN, Mr. Werner Peter VAN ECK and Mr. Edmond Ming Siang JAUW. The chairman of the Audit Committee is Mr. Shou Kang CHEN. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control and risk management systems of our Group.

DIRECTORS AND SENIOR MANAGEMENT

Remuneration Committee

We have established the Remuneration Committee with written terms of reference in compliance with the Code on Corporate Governance Practices, as set out in Appendix 14 to the Listing Rules. The Remuneration Committee consists of three members: two independent non-executive Directors, namely Mr. Shou Kang CHEN and Mr. Werner Peter VAN ECK and a non-executive Director, Mr. Kwok King Kingsley CHAN. The chairman of the Remuneration Committee is Mr. Shou Kang CHEN. The primary duties of the Remuneration Committee are to evaluate and make recommendations to the Board on the remuneration policy covering our Directors and senior management of our Group.

Nomination Committee

We have established the Nomination Committee with written terms of reference in compliance with the Code on Corporate Governance Practices, as set out in Appendix 14 to the Listing Rules. The Nomination Committee consists of three members: two independent non-executive Directors, namely Mr. Edmond Ming Siang JAUW and Mr. Werner Peter VAN ECK and a non-executive Director, Mr. Yu GAO. The chairman of the Nomination Committee is Mr. Yu GAO. The primary duties of the Nomination Committee are to identify, screen and recommend to the Board appropriate candidates to serve as Directors and to oversee the process for evaluating the performance of the Board.

BOARD DIVERSITY

We have adopted a board diversity policy with the aim of achieving diversity on the Board. Our Company recognises and embraces the benefits of having a diverse Board to enhance its operating results and quality of its performance. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merits and contribution that the selected candidates will bring to the Board. With respect to gender diversity, our global financial controller, Ms. Guat Beng NG and our company secretary, Ms. Yee Man WONG, having extensive experience in their respective field, contributes to gender diversity of our senior management team. While we recognise that the gender diversity at the Board level can be improved given its current composition of all-male directors, we will continue to apply the principle of appointment based on merits with reference to our diversity policy as a whole. For instance, the Board is currently considering to have Ms. Zhang Chi, an executive director at Morgan Stanley Asia Limited, serve as an alternate director to current members to the Board.

We have been taking, and will continue to take steps to promote gender diversity at the Board and management levels. To enhance our corporate governance by diversifying the Board's composition, the Group has set out the following targets and policies:

- (a) our Nomination Committee will use its best efforts, within three years from the Listing Date, to identify and recommend suitable female candidates to our Board for its consideration and we will use our best efforts to appoint one female director in our Board by the end of 2022, subject to our Directors (i) being satisfied with the competence and experience of the relevant candidate after a reasonable review process based on reasonable criteria; and (ii) fulfilling their fiduciary duties to act in the best interest of our Company and the Shareholders as a whole when making the relevant appointments; and

DIRECTORS AND SENIOR MANAGEMENT

- (b) our Group is committed to providing career development opportunities to our female staff. Upon Listing, our Group will engage resources in training senior female staff who have long and relevant experience in our business, including but not limited to accounting and finance, operation and research and development. Our Directors believe that this policy could develop a pipeline of potential successor and provide required manpower resources to achieve gender diversity in our Board.

After the Global Offering, our Nomination Committee will review the board diversity policy from time to time to ensure its continued effectiveness and we will disclose in our corporate governance report about the implementation of the board diversity policy on annual basis.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Our Directors and senior management receive remuneration in the form of fees, salaries, allowances and benefits in kind, bonuses, pension scheme contributions and equity-settled share option expense subject to applicable laws, rules and regulations. The aggregate amount of remuneration (including fees, salaries, allowances and benefits in kind, bonuses, pension schemes contributions and equity-settled share option expense) and benefits in kind paid to our Directors for FY2016, FY2017, FY2018 and 4M2019 was US\$0.4 million, US\$0.4 million, US\$0.5 million and US\$0.2 million, respectively. The aggregate amount of remuneration paid to the five highest paid individual employees of our Group for FY2016, FY2017, FY2018 and 4M2019 was US\$1.2 million, US\$1.2 million, US\$1.4 million and US\$0.6 million, respectively.

Under the arrangements currently in force, we estimate the aggregate remuneration payable to our Directors for FY2019 to be US\$0.4 million. The executive Director receives remuneration in the form of fees, salaries, allowances and benefits in kind, bonuses, pension scheme contributions and equity-settled share option expense subject to applicable laws, rules and regulations. For details of the executive Director's remuneration, please see the section headed "Statutory and General Information — C. Further Information about our Directors and Substantial Shareholders — 2. Particulars of Directors' Service Contracts" in Appendix IV of this prospectus for further details.

The independent non-executive Directors receive fees from our Company. All Directors receive reimbursements from our Company for expenses which are necessary and reasonably incurred for providing services to our Company or handling matters in relation to the operations of our Company and are paid out of the funds of our Company by way of fees for their services as directors such sums (if any) as our Directors may from time to time determine. Save as disclosed above, our Directors are not entitled to receive any other special benefits from our Company. The remuneration of our Directors shall be determined by the Board which, following Listing, will receive recommendations from the Remuneration Committee which will take into account applicable laws, rules and regulations.

DIRECTORS AND SENIOR MANAGEMENT

2015 STOCK OPTION PLAN

We have adopted the 2015 Stock Option Plan. The principal terms of the 2015 Stock Option Plan are summarised in the sections headed “Statutory and General Information — D. 2015 Stock Option Plan” in Appendix IV of this prospectus.

COMPLIANCE ADVISER

We have appointed Mason Global Capital as our compliance adviser pursuant to Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, our compliance adviser will advise us in the following circumstances:

- before the publication of any regulatory announcement, circular or financial report;
- where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share repurchases;
- where we propose to use the proceeds of the Global Offering in a manner different from that detailed in this prospectus or where our business activities, developments or results deviate from any forecast, estimate or other information in this prospectus; and
- where the Stock Exchange makes an inquiry of us regarding unusual movements in the price or trading volume of our Shares.

The term of the appointment shall commence on the Listing Date and end on the date on which we distribute our annual report in respect of our financial results for the first full fiscal year commencing after the Listing Date and such appointment may be subject to extension by mutual agreement.

CODE ON CORPORATE GOVERNANCE PRACTICES

As at the Latest Practicable Date, our Directors consider that our Company has fully complied with the applicable code provisions as set out in the Code of Corporate Governance Practices as contained in Appendix 14 to the Listing Rules from the Listing Date.

SUBSTANTIAL SHAREHOLDERS

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following the completion of the Global Offering, the following persons are expected to have an interest and/or short positions in the Shares or underlying Shares of our Company which would fall to be disclosed to us pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who are, directly or indirectly, interested in 10% or more of the nominal value of any class of our share capital carrying rights to vote in all circumstances at general meetings of our Company:

Name of Shareholder	Nature of Interest	As at the Latest Practicable Date		Upon the completion of the Global Offering	
		Number of Shares	Percentage of shareholding	Number of Shares	Percentage of shareholding ⁽¹⁾
NHPEA ⁽²⁾	Beneficial Owner	101	100%	375,000,000	75%
NHPEA Holdings	Interest in a controlled corporation	101	100%	375,000,000	75%
NHPEA Cayman	Interest in a controlled corporation	101	100%	375,000,000	75%
NHPEA L.P.	Interest in a controlled corporation	101	100%	375,000,000	75%
MSPEA IV L.L.C.	Interest in a controlled corporation	101	100%	375,000,000	75%
Morgan Stanley Private Equity Asia IV, Inc.	Interest in a controlled corporation	101	100%	375,000,000	75%
MS Holdings Incorporated	Interest in a controlled corporation	101	100%	375,000,000	75%
Morgan Stanley	Interest in a controlled corporation	101	100%	375,000,000	75%

Notes:

- (1) Assuming the Over-allotment Option is not exercised and without taking into account any Shares to be allotted and issued upon exercise of any options granted under the 2015 Stock Option Plan.
- (2) NHPEA is a company incorporated in the Netherlands, and is wholly owned by NHPEA Holdings. NHPEA Holdings is a cooperative with exclusion of liability, incorporated under the laws of the Netherlands, and is wholly owned by NHPEA Cayman. NHPEA Cayman is an exempted company with limited liability incorporated in the Cayman Islands, whose sole shareholder is NHPEA L.P., a fund managed by the private equity arm of Morgan Stanley. The general partner of NHPEA L.P. is MSPEA 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 Holdings, NHPEA Cayman, NHPEA L.P., MSPEA 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.

SUBSTANTIAL SHAREHOLDERS

Except as disclosed above, our Directors are not aware of any other person who will, immediately following the completion of the Global Offering, have any interest and/or short positions in the Shares or underlying shares of our Company which would fall to be disclosed to us pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who are, directly or indirectly, interested in 10% or more of the nominal value of any class of our share capital carrying rights to vote in all circumstances at general meetings of our Company. Our Directors are not aware of any arrangement which may at a subsequent date result in a change of control of our Company.

SHARE CAPITAL

AUTHORISED AND ISSUED SHARE CAPITAL

The following is a description of the authorised and issued share capital of our Company in issue and to be issued as fully paid or credited as fully paid prior to and immediately following the completion of the Global Offering:

As of the Date of this Prospectus

	<i>US\$</i>
Authorised share capital	
50,000 Shares	50,000
Issued share capital	
101 Shares	101

Immediately after Completion of the Global Offering

	<i>US\$</i>
Shares in issue after the share subdivision but before the Capitalisation Issue	
10,100 Shares	101
Shares to be issued under the Capitalisation Issue	
412,489,900 Shares	4,124,899
Total Issued Shares after the Capitalisation Issue	
412,500,000 Shares	4,125,000
Shares to be issued under the Global Offering	
87,500,000 Shares	875,000
Total Issued Shares on completion of the Global Offering	
500,000,000 Shares	5,000,000

ASSUMPTIONS

The above table assumes that the Global Offering becomes unconditional and the Shares are issued pursuant to the Global Offering. The above table does not take into account any Shares (i) which may be issued pursuant to the exercise of the Over-allotment Option; (ii) which may be issued upon the exercise of the any options granted under the 2015 Stock Option Plan; or (iii) which may be issued or repurchased by our Company pursuant to the general mandates granted to our Directors to issue or repurchase Shares as described below.

MINIMUM PUBLIC FLOAT

Pursuant to Rule 8.08(1)(a) of the Listing Rules, at the time of the Listing and at all times thereafter, the Company must maintain the 25% of the total issued share capital of the Company in the hands of the public.

RANKING

The Shares are ordinary shares in the share capital of our Company and rank equally with all Shares upon Listing and, in particular, will rank in full for all dividends or other distributions declared, made or paid on the Shares in respect of a record date which falls after the Listing Date.

SHARE CAPITAL

2015 STOCK OPTION PLAN

Our Company has adopted the 2015 Stock Option Plan. See “Statutory and General Information — D. 2015 Stock Option Plan” in this Prospectus for further details of the 2015 Stock Option Plan.

GENERAL MANDATE TO ISSUE SHARES

Subject to the Global Offering becoming unconditional, our Directors have been granted a general unconditional mandate to allot, issue and deal with Shares and to make or grant offers, agreements or options which might require such Shares to be allotted and issued or dealt with at any time subject to the requirement that the aggregate nominal value of the Shares so allotted and issued or agreed conditionally or unconditionally to be allotted and issued, shall not exceed the sum of:

- (i) 20% of the aggregate nominal value of the share capital of our Company in issue immediately following completion of the Global Offering (but excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option); and
- (ii) the nominal amount of our share capital repurchased by our Company (if any) pursuant to the repurchase mandate (as mentioned below).

This general mandate to issue Shares will remain in effect until:

- (i) at the conclusion of our next annual general meeting; or
- (ii) the expiration of the period within which our Company’s next annual general meeting is required to be held under any applicable laws or the Articles; or
- (iii) the variation or revocation of this general mandate by an ordinary resolution of our Shareholders at a general meeting, whichever is the earliest.

Please see “Statutory and General Information — A. Further Information about our Group — 4. Resolutions passed by our sole Shareholder” in Appendix IV to this prospectus for further details of this general mandate.

GENERAL MANDATE TO REPURCHASE SHARES

Subject to the Global Offering becoming unconditional, our Directors have been granted a general unconditional mandate to exercise all the powers of our Company to repurchase Shares with a total nominal value of not more than 10% of the total nominal value of our share capital in issue immediately following the completion of the Global Offering (but excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option).

This general mandate relates only to repurchases made on the Stock Exchange, or on any other stock exchange on which the Shares are listed (and which is recognised by the SFC and the Stock Exchange for this purpose), and made in accordance with the Listing Rules. A summary of the relevant Listing Rules is set out in “Statutory and General Information — A. Further Information About Our Group — 5. Repurchases of our own Securities” in Appendix IV to this prospectus.

SHARE CAPITAL

This general mandate to repurchase Shares will expire:

- (i) at the conclusion of our next annual general meeting; or
- (ii) the expiration of the period within which our Company's next annual general meeting is required to be held under any applicable laws or the Articles; or
- (iii) the variation or revocation of this general mandate by an ordinary resolution of our Shareholders at a general meeting, whichever is the earliest.

Please see "Statutory and General Information — A. Further Information About Our Group — 4. Resolutions passed by our sole Shareholder" in Appendix IV to this prospectus for further details of this general mandate.

CIRCUMSTANCES UNDER WHICH GENERAL MEETING AND CLASS MEETING ARE REQUIRED

Our Company has only one class of shares, namely ordinary Shares, each of which ranks pari passu with other Shares. The circumstances under which general meetings are required are provided in the Articles. Detailed information on the Articles is set forth in "Summary of the Constitution of our Company and Cayman Islands Company Law" in Appendix III to this prospectus.

FINANCIAL INFORMATION

You should read this section in conjunction with our consolidated financial information, including the notes thereto, as set out in "Appendix I - Accountant's Report" to this prospectus. The consolidated financial information has been prepared in accordance with International Financing Reporting Standards ("IFRS").

The following discussion and analysis contain forward-looking statements that involve risks and uncertainties. These statements are based on assumptions and analysis made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, our actual results may differ significantly from those projected in the forward-looking statements. Factors that might cause future results to differ significantly from those projected in the forward-looking statements include those discussed in "Risk Factors" of this prospectus.

OVERVIEW

We are a globally leading home control solution provider headquartered in Singapore, with worldwide presence in North America, Europe, Asia and Latin America. We develop and offer high quality and bespoke remote controls for a vast array of STBs of MSO and OTT devices as well as smart TV. Over the years, we have developed global partnership with the internationally renowned MSOs as well as TV and OTT device brands and/or their respective suppliers in the design and development of remote controls, which are shipped to more than 40 countries. According to Frost & Sullivan, we were the second largest home control solution provider in the world in 2018, with a share of 9.6% in the world's home control solution market.

For FY2016, FY2017, FY2018, 4M2018 and 4M2019, our total revenue were US\$136.1 million, US\$150.1 million, US\$173.9 million, US\$50.9 million and US\$56.6 million, respectively. Our gross profit amounted to US\$30.6 million, US\$33.9 million, US\$34.0 million, US\$10.7 million and US\$10.1 million for FY2016, FY2017, FY2018, 4M2018 and 4M2019, respectively.

BASIS OF PREPARATION

Our financial information has been prepared in accordance with IFRSs, which comprise all standards and interpretations approved by the International Accounting Standards Board. All IFRSs effective for the accounting periods commencing from 1 January 2019, including IFRS 9 Financial Instrument, IFRS 15 Revenue from Contract with Customer, and IFRS 16 Leases, together with the relevant transitional provisions, have been early adopted by our Group in the preparation of the financial information throughout the Track Record Period.

Our financial information has been prepared under the historical cost convention.

FINANCIAL INFORMATION

Application of IFRS 9, IFRS 15 and IFRS 16

Effective for annual periods beginning on or after 1 January 2018, IFRS 9 “Financial Instruments” replaced the previous standard IAS 39 “Financial Instruments” and IFRS 15 “Revenue from Contracts with Customers” replaced the previous revenue standards IAS 18 “Revenue” and IAS 11 “Construction Contracts”; and effective for annual periods beginning on or after 1 January 2019, IFRS 16 “Leases” replaced the previous standards IAS 17 “Leases” and related interpretations. We have consistently applied IFRS 9, IFRS 15 and IFRS 16 to our consolidated financial statements throughout the Track Record Period and the effects to the Group are as follows:

- Under IFRS 15, we recognise consideration received or due from customers, for which we have not yet satisfied the performance obligations as contract liabilities. By applying IFRS 15, as at 31 December 2016, 2017 and 2018 and 30 April 2019, we reclassified advances from customers of US\$0.8 million, US\$0.6 million, US\$0.4 million and US\$0.4 million, from other payables and accruals to contract liabilities, respectively.
- Under IFRS 9, we recognise a new measurement category called financial assets held at amortised cost. By applying IFRS 9, as at 31 December 2016, 2017 and 2018 and 30 April 2019, we reclassified loans and receivables of US\$37.3 million, US\$39.8 million, US\$54.2 million and US\$52.9 million to financial assets held at amortised cost, respectively.
- Under IFRS 16, we recognise lease liabilities in relation to leases which had previously been classified as operating leases under the principles of IAS 17. These liabilities are measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate. The associated right-of-use assets for leases included in property, plant and equipment are measured as if IFRS 16 had been applied at the commencement of the lease. The impacts arising from adoption of IFRS 16 on our consolidated financial statements as at 31 December 2016, 2017 and 2018 and 30 April 2019 are as follows.

	As at 31 December			As at 30
	2016	2017	2018	April 2019
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Increase in property, plant and equipment	1,347	1,163	1,014	910
Increase in lease liabilities	1,402	1,218	1,069	965
Decrease in retained profits	55	55	55	55

Taking into account the impact disclosed above, we consider that the adoption of IFRS 9, IFRS 15 and IFRS 16 did not have significant impact on our financial position and performance and key financial ratios during the Track Record Period.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Our financial information has been prepared in accordance with the IFRSs. We have identified certain accounting policies that are significant to the preparation of our Group’s

FINANCIAL INFORMATION

financial statements. Some of our accounting policies involve subjective assumptions and estimates, as well as complex judgments relating to accounting items. In each case, the determination of these items requires management judgments based on information and financial data that may change in future periods. When reviewing our financial statements, you should consider: (i) our selection of critical accounting policies; (ii) the judgments and other uncertainties affecting the application of such policies; and (iii) the sensitivity of reported results to changes in conditions and assumptions. We set forth below those accounting policies that we believe are of critical importance to us or involve the most significant estimates and judgments used in the preparation of our Group's financial statements. Our significant accounting policies, estimates and judgements, which are important for an understanding of our financial condition and results of operations, are set forth in detail in Note 2.3 and Note 3 in Appendix I to this prospectus.

Revenue recognition

Revenue from contracts with customers is recognised when control of goods is transferred to the customers at an amount that reflects the consideration to which our Group expects to be entitled in exchange for those goods.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which our Group will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Revenue from contracts with customers is recognised when control of goods is transferred to the customers at an amount that reflects the consideration to which our Group expects to be entitled in exchange for those goods.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which our Group will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer a significant benefit of financing the transfer of goods to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between our Group and the customer at contract inception. When the contract contains a financing component which provides our Group a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

FINANCIAL INFORMATION

(a) *Sale of goods*

Our Group is involved in sale of remote control products. Revenue is recognised when controls of the goods transferred to its customer, being when the goods are delivered to the customer and all criteria for acceptance have been satisfied. The amount of revenue recognised is based on the contractual price.

(b) *Royalty income*

Royalty income arising from the use of patents is accounted on a periodic basis based on quantities produced by use the patents.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis and, in the case of finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Foreign currencies

The historical financial information is presented in U.S. dollars, which is our Company's functional currency. Each entity in our Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in our Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the profit or loss.

The functional currencies of the certain overseas subsidiaries are currencies other than the U.S. dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into the presentation currency of our Group at the exchange rates ruling at the end of the reporting period and their statement of profit or loss are translated into U.S. dollars at the weighted average exchange rates for the year.

The resulting exchange differences are recognised in other comprehensive income and accumulated as a separate component of equity until the disposal of the respective foreign operation entity. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations have been and will continue to be affected by a number of factors, including those set out below:

Pricing

The pricing and costs of our products directly impact our gross margin and may impact sales volumes. We usually set and fix the price of our products after responding to customers' request for quotation. We price our products based on the cost of our key components, cost of product assembly charged by our manufacturing partners, the nature and technical complexity of our solutions, the profit margin we expect to achieve, the relationship with the relevant customers, the credit and payment terms, the size of the orders, and the term and expected date of delivery. For details, see "Business — Pricing Policy".

Our pricing directly affects our revenue, profitability and cash flows and have a direct effect on our financial condition and results of operations.

Competition

Notwithstanding our proven track record, we operate in a highly competitive environment where there are continuous competitions from both existing competitors and new market entrants. We have maintained our competitive position through establishing long term relationship with blue-chip customers and strong sourcing network, providing customised solutions, and maintaining strong R&D capability, stringent quality control, reputation and market recognition.

According to Frost & Sullivan, our Group, with a market share of 9.6%, ranked second in the global home control solution market by revenue in 2018. We believe that our Group is able to compete in terms of the competitive strengths mentioned above and "Business — Our Competitive Strengths" in this prospectus. Our competitiveness and the competitive landscape in the global home control solution industry could have a direct impact on our financial condition and results of operations.

Research and development capabilities

We have devoted a significant amount of resources to strengthen our R&D capabilities. As at 30 April 2019, we had a dedicated team of over 80 engineers stationed in Singapore and Suzhou, the PRC. During the Track Record Period, our R&D expenses amounted to US\$8.2 million, US\$7.1 million, US\$7.6 million and US\$2.1 million, respectively, accounting for 6.0%, 4.7%, 4.4% and 3.7% of our total revenue. Our R&D expenses primarily consisted of employee benefits and project costs. The decrease in R&D expenses for FY2017 compared to FY2016 was due to our relocation of some of the R&D functions to Suzhou from Singapore to increase operational efficiency.

We intend to enhance our R&D capabilities and maintain our competitive edge in the industry by fully utilising our R&D facilities and resources. Our ability to improve our existing products and develop new products will allow us to further expand our sales volumes and drive our business, and will consequently affect our financial condition and results of operations.

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Product and customer mix

We have a comprehensive product portfolio of remote controls as a result of our R&D effort. The model, features and ordered volume of our products may vary from year to year depending on, among others, the business plan and performance of our customers for the relevant year. Depending on the customers' requirements and specifications, our products have different cost bases and selling prices, and any change in the structure of revenue contribution from our product and customer mix may have a corresponding impact on our overall gross profit margin and will consequently have a direct effect on our financial condition and results of operations.

Availability and cost of components

Our major components comprise mainly plastics, ICs, keymats and PCBs. We purchase components directly from our suppliers which will be sold to our manufacturing partners who will then undertake the product assembly or manufacturing for us. Our suppliers comprise suppliers of components and manufacturing partners which provide assembly services. For FY2016, FY2017, FY2018 and 4M2019, we had over 65, over 100, over 100 and over 100 suppliers. Our cost of components was the largest part of our cost of sales during the Track Record Period. Our purchases from our five largest suppliers amounted to US\$52.0 million, US\$60.8 million, US\$53.1 million and US\$17.1 million, respectively, representing 46.8%, 44.4%, 37.3% and 42.7%, respectively, of our total purchase for FY2016, FY2017, FY2018 and 4M2019. Our effort to diversify our supplier base and hence reduce our reliance on any single supplier is evidenced by a decrease in concentration of our five largest suppliers during the Track Record Period. Nonetheless, any significant fluctuations in our cost of components may materially impact our cost of sales and gross profit margins, and may have a substantial impact on our results of operations.

For illustrative purposes only, a sensitivity analysis of our net profit with reference to the price fluctuation of our cost of components during the Track Record Period is set out as follows. Hypothetical fluctuation in purchase prices of cost of components are assumed to be 0.5% and 1.0% with reference to historical fluctuations. While we have the ability and are usually able to pass on cost increase caused by fluctuation in purchase prices of components to our customers, the following table demonstrates how the hypothetical effects of increase or decrease in the prices of our cost of components affect our profit before tax, assuming we are not able to pass on such changes to our customers while all other factors remain unchanged:

	Hypothetical increase/ decrease of 0.5% of cost of components USD'000	Hypothetical increase/ decrease of 1.0% of cost of components USD'000
(Decrease)/increase in our profit before tax:		
FY2016	(446)/446	(892)/892
FY2017	(497)/497	(993)/993
FY2018	(599)/599	(1,197)/1,197
4M 2018	(176)/176	(351)/351
4M 2019	(198)/198	(396)/396

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For further details, see “Business — Our Suppliers” and “Risk factors — Risks Relating to Our Business — Any material increase in the prices of components or loss of major suppliers may materially and adversely affect our business and financial position” in this prospectus.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS

We are exposed to market risks from changes in market rates and prices, such as credit, liquidity, and foreign currency. Details of the risks to which we are exposed to are set out in Note 35 to the Accountants’ Report, the text of which is set out in Appendix I to this prospectus.

RESULTS OF OPERATIONS

The following is a summary of the consolidated statements of profit or loss of our Group during the Track Record Period, details of which are set out in the Accountant’s Report in Appendix I to this prospectus.

	FY2016	FY2017	FY2018	4M2018	4M2019
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
REVENUE	136,052	150,111	173,852	50,865	56,630
Cost of sales	<u>(105,452)</u>	<u>(116,245)</u>	<u>(139,842)</u>	<u>(40,131)</u>	<u>(46,569)</u>
Gross profit	30,600	33,866	34,010	10,734	10,061
Other income and gains	3,716	856	539	16	46
Selling and distribution expenses	(7,745)	(8,396)	(8,835)	(3,058)	(2,800)
Administrative expenses	(13,373)	(12,268)	(13,409)	(4,927)	(5,772)
Other expenses	(5,243)	(3,282)	(3,794)	(553)	(592)
Finance costs	<u>(312)</u>	<u>(2,350)</u>	<u>(4,055)</u>	<u>(824)</u>	<u>(1,102)</u>
PROFIT/(LOSS) BEFORE TAX	7,643	8,426	4,456	1,388	(159)
Income tax expense	<u>(1,921)</u>	<u>(3,162)</u>	<u>(807)</u>	<u>(195)</u>	<u>(295)</u>
PROFIT/(LOSS) FOR THE YEAR/PERIOD	<u><u>5,722</u></u>	<u><u>5,264</u></u>	<u><u>3,649</u></u>	<u><u>1,193</u></u>	<u><u>(454)</u></u>

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The following table sets forth the calculation of our operating income during the Track Record Period:

	FY2016 <i>US\$'000</i>	FY2017 <i>US\$'000</i>	FY2018 <i>US\$'000</i>	4M2018 <i>US\$'000</i>	4M2019 <i>US\$'000</i>
PROFIT/(LOSS) BEFORE TAX	7,643	8,426	4,456	1,388	(159)
Add:					
Finance cost	312	2,350	4,055	824	1,102
Non-operating expenses	2,115	646	1,571	183	1,446
Less:					
Non-operating income	(3,071)	-	-	-	-
OPERATING INCOME	6,999	11,422	10,082	2,395	2,389

NON-IFRS MEASURES: ADJUSTED NET PROFIT AND ADJUSTED EBITDA

We recognised non-recurring items during the Track Record Period. To supplement our consolidated financial statements which are presented in accordance with IFRS, we also presented adjusted net profit and adjusted EBITDA as non-IFRS measures.

We present these additional financial measures as these were used by our management to evaluate our financial performance by eliminating the impact of non-recurring items including (i) write-off of loan arrangement fee, (ii) restructuring-related severance expenses, (iii) compensation income and (iv) withholding tax, which are considered not indicative for evaluation of the actual performance of our business.

The adjusted net profit and adjusted EBITDA are not measures of performance under IFRS. We believe these non-IFRS measures are a more accurate indication of our profitability and operating performance during the Track Record Period. However, these non-IFRS measures should not be considered in isolation or construed as an alternative to net profit or operating income, or as an indicator of our operating performance or other consolidated operations or cash flow data prepared in accordance with IFRS, or as an alternative to cash flow as a measurement of liquidity. The use of non-IFRS measures has material limitations as an analytical tool, as it does not include all items that impact our profit during the Track Record Period. Potential investors should be aware that these non-IFRS measures presented in this prospectus may not be comparable to similarly titled measures reported by other companies due to differences in the components of the calculation.

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The table below sets forth the adjusted net profit and adjusted EBITDA of our Group during the Track Record Period:

	FY2016	FY2017	FY2018	4M2018	4M2019
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Profit/(loss) for the year/period	5,722	5,264	3,649	1,193	(454)
Add:					
Write-off of loan arrangement fee ⁽¹⁾	–	–	1,080	–	–
Restructuring-related severance expenses ⁽²⁾	1,938	312	845	180	–
Listing expenses	–	–	–	–	1,400
Less:					
Compensation income ⁽³⁾	(3,071)	–	–	–	–
Adjusted net profit	<u>4,589</u>	<u>5,576</u>	<u>5,574</u>	<u>1,373</u>	<u>946</u>
Add:					
Income tax expenses	1,921	3,162	807	195	295
Finance costs ⁽⁴⁾	312	2,350	2,975	824	1,102
Withholding tax ⁽⁵⁾	–	334	726	3	46
Depreciation	2,121	2,228	2,756	840	982
Amortisation for other intangible assets	1,228	1,277	1,211	430	426
Adjusted EBITDA	<u><u>10,171</u></u>	<u><u>14,927</u></u>	<u><u>14,049</u></u>	<u><u>3,665</u></u>	<u><u>3,797</u></u>

Notes:

- (1) Write-off of loan arrangement fee related to the early repayment of a loan drawdown in FY2016 in replacement of a new loan in FY2018.
- (2) Restructuring-related severance expenses amounted to US\$1.9 million, US\$0.3 million, US\$0.8 million, US\$0.2 million and nil for FY2016, FY2017, FY2018, 4M2018 and 4M2019, respectively, which related to the costs incurred for our integration project to streamline our headcounts after the MS Acquisition throughout the Track Record Period. Restructuring-related severance expenses for FY2016 mainly related to (i) the relocation of certain R&D functions from Singapore to Suzhou, the PRC; and (ii) the restructuring costs of US\$1.2 million which we were unable to recover from the previous owner of Home Control Singapore after the MS Acquisition. Restructuring-related severance expenses for FY2017 mainly related to integration within the Suzhou R&D center. Restructuring-related severance expenses for FY2018 related to (i) the termination of a non-core function in Belgium, and (ii) the cessation of operation of the OTT project in Shenzhen. Subsequent to the Track Record Period and up to the Latest Practicable Date, no restructuring-related severance expenses was incurred.
- (3) Compensation income of US\$3.1 million for FY2016 was related to the one-off post completion payment from the previous owner of Home Control Singapore pursuant to the contractual terms of the MS Acquisition.
- (4) Finance cost of US\$3.0 million for FY2018 was derived from the total finance cost of US\$4.1 million less the write-off of loan arrangement fee of US\$1.1 million.
- (5) Withholding tax amounted to nil, US\$0.3 million, US\$0.7 million, US\$3,000 and US\$46,000 for FY2016, FY2017, FY2018, 4M2018 and 4M2019, respectively, which related to withholding tax on loan arrangement fee and loan interest expenses paid. As a tax item, such withholding tax is added back to calculate the adjusted EBITDA.

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DESCRIPTION OF SELECTED ITEMS IN CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Revenue

During the Track Record Period, we generate our revenue mainly from the sales of remote controls for a vast array of STBs of MSO and OTT devices as well as smart TVs. Our revenue amounted to US\$136.1 million, US\$150.1 million, US\$173.9 million, US\$50.9 million and US\$56.6 million for FY2016, FY2017, FY2018, 4M2018 and 4M2019, respectively. Of our total revenue, we also recorded royalty income of US\$0.8 million, US\$1.0 million, US\$0.5 million, US\$41,000 and US\$13,000 for FY2016, FY2017, FY2018, 4M2018 and 4M2019, respectively, arising from the use of patents by our licensees.

The following table sets forth the breakdown of our revenue by geographical segment during the Track Record Period:

	FY2016		FY2017		FY2018		4M2018		4M2019	
	Revenue US\$'000	% of revenue	Revenue US\$'000	% of revenue	Revenue US\$'000	% of revenue	Revenue US\$'000	% of revenue	Revenue US\$'000	% of revenue
North America	54,183	39.8	76,666	51.1	86,618	49.8	26,820	52.7	25,245	44.6
Europe	42,732	31.4	35,936	23.9	41,927	24.1	14,039	27.6	13,513	23.9
Asia	25,792	19.0	25,157	16.8	31,703	18.2	6,315	12.4	10,387	18.3
Latin America	13,345	9.8	12,352	8.2	13,604	7.9	3,691	7.3	7,485	13.2
Total	136,052	100.0	150,111	100.0	173,852	100.0	50,865	100.0	56,630	100.0

4M2019 compared to 4M2018

Our revenue increased by US\$5.7 million, or 11.2%, from US\$50.9 million for 4M2018 to US\$56.6 million for 4M2019 primarily due to the increase in orders in Asia from a major customer in the PRC and in Latin America from two major customers in this region, partially offset by the slight decrease in revenue in North America and Europe.

Due to the increase in our overall sales, our sales quantity increased by 5.9% from 4M2018 to 4M2019. Our average selling price increased by 5.8% because of the increase of sales of more high-tech remote controls i.e. the voice, bluetooth and RF remote controls.

FY2018 compared to FY2017

Our revenue increased by US\$23.8 million, or 15.9%, from US\$150.1 million for FY2017 to US\$173.9 million for FY2018 primarily due to (i) the increase in sales to North America by US\$9.9 million, or 12.9%, from US\$76.7 million for FY2017 to US\$86.6 million for FY2018, primarily attributable to the increase in volume of sales to Customer F to meet its strong business growth; (ii) the increase in sales to Europe by US\$6.0 million, or 16.7%, from US\$35.9 million for FY2017 to US\$41.9 million for FY2018 mainly contributed by a newly acquired

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customer in the telecommunication industry; (iii) the increase in sales to Asia by US\$6.5 million, or 25.8%, from US\$25.2 million for FY2017 to US\$31.7 million for FY2018 mainly contributed by a newly acquired customer in the PRC; and (iv) the increase in sales to Latin America by US\$1.2 million, or 9.7%, from US\$12.4 million for FY2017 to US\$13.6 million for FY2018 mainly attributable to the increase in sales to our largest customer in this region in FY2018.

Due to the increase in our overall sales, our sales quantity increased by 8.7% from FY2017 to FY2018. Our average selling price increased by 6.5% because we sold more high-tech remote controls to one major customer in U.S. and one major customer in Europe which have higher selling price than average selling price.

FY2017 compared to FY2016

Our revenue increased by US\$14.0 million, or 10.3%, from US\$136.1 million for FY2016 to US\$150.1 million for FY2017 primarily due to the increase in sales to North America by US\$22.5 million, or 41.5%, from US\$54.2 million for FY2016 to US\$76.7 million for FY2017, primarily attributable to Customer F, a newly acquired customer, to meet its strong business growth; partially offset by, (i) the decrease in sales to Europe by US\$6.8 million, or 15.9%, from US\$42.7 million for FY2016 to US\$35.9 million for FY2017 as a result of stiff competition within the region, and (ii) the decrease in sales to Latin America by US\$0.9 million, or 6.8%, from US\$13.3 million for FY2016 to US\$12.4 million for FY2017 mainly due to the decrease in sales to our largest customer in this region. Our revenue from Asia remained relatively stable at US\$25.8 million for FY2016 and US\$25.2 million for FY2017.

Due to the overall increase in our overall sales, our sales quantity increased by 2.2% from FY2016 to FY2017. Our average selling price increased by 8.3% because of the increase of sales of more high-tech remote controls to Customer F with higher selling price.

Cost of sales

Our cost of sales mainly consist of component, outsourcing and overhead costs. Our cost of sales amounted to US\$105.5 million, US\$116.2 million, US\$139.8 million, US\$40.1 million and US\$46.6 million for FY2016, FY2017, FY2018, 4M2018 and 4M2019, respectively, representing 77.5%, 77.4%, 80.4%, 78.8% and 82.3% of our total revenue for the corresponding periods.

The following table sets forth the breakdown of our cost of sales during the Track Record Period:

	FY2016		FY2017		FY2018		4M2018		4M2019	
	USD'000	%	USD'000	%	USD'000	%	USD'000	%	USD'000	%
Cost of Components	89,208	84.6	98,986	85.2	119,741	85.6	35,092	87.4	39,612	85.1
Outsourcing	11,961	11.3	13,108	11.3	15,837	11.3	3,805	9.5	5,424	11.6
Overheads	4,283	4.1	4,151	3.5	4,264	3.1	1,234	3.1	1,533	3.3
	<u>105,452</u>	<u>100.0</u>	<u>116,245</u>	<u>100.0</u>	<u>139,842</u>	<u>100.0</u>	<u>40,131</u>	<u>100.0</u>	<u>46,569</u>	<u>100.0</u>

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Our cost of sales increased by US\$10.7 million or 10.1% from US\$105.5 million for FY2016 to US\$116.2 million for FY2017, and further increased by US\$23.6 million or 20.3% from US\$116.2 million for FY2017 to US\$139.8 million for FY2018. Such increase from FY2016 to FY2017 and from FY2017 to FY2018 were in line with the growth of our business scale and operation which in turn drove the growth of our revenue.

Our cost of sales increased by US\$6.5 million, or 16.2%, from US\$40.1 million for 4M2018 to US\$46.6 million for 4M2019 primarily due to (i) increase in the demand of our products, and (ii) lower outsourcing during 4M2018 due to different product mix.

Gross profit and gross profit margin

For FY2016, FY2017, FY2018, 4M2018 and 4M2019, our gross profit amounted to US\$30.6 million, US\$33.9 million, US\$34.0 million, US\$10.7 million and US\$10.1 million, respectively. The respective gross profit margin was 22.5%, 22.6%, 19.6%, 21.1% and 17.8%, respectively. Among the geographical segments, for FY2016, FY2017, FY2018, 4M2018 and 4M2019, our gross profit margin from Latin America which amounted to 38.2%, 42.2%, 44.9%, 41.1% and 34.7%, respectively, was higher than other regions for the same periods. We recorded higher gross profit margin in Latin America by shipping the components to a local customer which undertook the product assembly process.

The following table sets forth a breakdown of gross profit and gross profit margin by our geographical segments for the periods indicated:

	FY2016		FY2017		FY2018		4M2018		4M2019	
	Gross Profit US\$'000	Gross profit margin %	Gross Profit US\$'000	Gross profit margin %	Gross Profit US\$'000	Gross profit margin %	Gross Profit US\$'000	Gross profit margin %	Gross Profit US\$'000	Gross profit margin %
North America	10,532	19.4	14,488	18.9	14,346	16.6	4,485	16.7	3,806	15.1
Europe	9,844	23.0	9,966	27.7	11,072	26.4	3,555	25.3	2,520	18.6
Asia	5,124	19.9	4,200	16.7	2,486	7.8	1,178	18.6	1,135	10.9
Latin America	5,100	38.2	5,212	42.2	6,106	44.9	1,516	41.1	2,600	34.7
Total	30,600	22.5	33,866	22.6	34,010	19.6	10,734	21.1	10,061	17.8

4M2019 compared to 4M2018

Our overall gross profit decreased by US\$0.6 million from US\$10.7 million for 4M2018 to US\$10.1 million for 4M2019 primarily due to (i) the decrease in gross profit in North America by US\$0.7 million resulting from the decrease in sales from two high profit margin customers due to end of product life cycle and was not related to the US tariffs; and (ii) the decrease in gross profit in Europe by US\$1.1 million primarily resulting from the decrease in gross profit margin to one customer due to different product mix and increase in sales from a low gross profit margin customer, partially offset by increase in gross profit from Latin America by US\$1.1 million due to an increase in sales with high profit margin in this region.

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Our overall gross profit margin decreased from 21.1% for 4M2018 to 17.8% for 4M2019 primarily because we sold more products to customers with lower gross profit margin for 4M2019. The lower gross profit margin in Asia was due to the increase in sales to customers with a lower gross profit margin for 4M2019.

FY2018 compared to FY2017

Our overall gross profit increased slightly by US\$0.1 million or 0.3 % from US\$33.9 million for FY2017 to US\$34.0 million for FY2018 which was mainly driven by the increase in revenue from FY2017 to FY2018 as explained in the paragraph “Revenue — FY2018 compared to FY2017” above. The increase in gross profit from FY2017 to FY2018 comprised of the increase in gross profit from (i) Europe by US\$1.1 million, and (ii) Latin America by US\$0.9 million from FY2017 to FY2018; partially offset by the decrease in gross profit from Asia by US\$1.7 million from FY2017 to FY2018. The gross profit in North America remained stable at US\$14.5 million for FY2017 and US\$14.3 million for FY2018.

Our overall gross profit margin decreased from 22.6% for FY2017 to 19.6% for FY2018, which was primarily because we sold at a more competitive price to maintain corporate relationships with our major customers in North America and Asia. For Asia, the gross profit margin decreased from 16.7% for FY2017 to 7.8% for FY2018 was primarily because of the increase in sales to a customer in the PRC with lower gross profit margin in order to expand our market share in the region and further our business relationship with that customer, which was not related to the tariff battle between U.S. and the PRC. For Latin America, our profit margin increased from 42.2% for FY2017 to 44.9% for FY2018 because of the increase in the average selling price of our products in this region. For Europe, our profit margin remain stable at 27.7% for FY2017 and 26.4% for FY2018.

FY2017 compared to FY2016

Our overall gross profit increased by US\$3.3 million or 10.8% from US\$30.6 million for FY2016 to US\$33.9 million for FY2017, which was driven by our growth in revenue from FY2016 to FY2017 as explained in the paragraph “Revenue — FY2017 compared to FY2016” above. The gross profit from North America increased by US\$4.0 million, from US\$10.5 million for FY2016 to US\$14.5 million for FY2017, and partially offset by the decrease in gross profit from Asia by US\$0.9 million, from US\$5.1 million for FY2016 to US\$4.2 million for FY2017. For Europe, our gross profit remained stable at US\$9.8 million for FY2016 and US\$10.0 million for FY2017. For Latin America, our gross profit remained stable at US\$5.1 million for FY2016 and US\$5.2 million for FY2017.

Our overall gross profit margin remained stable from 22.5% for FY2016 to 22.6% for FY2017. For Europe, our gross profit margin increased from 23.0% to 27.7% because of lower rebate granted and higher royalty income earned for FY2017. For Asia, the decrease in gross profit margin from 19.9% for FY2016 to 16.7% for FY2017 was mainly due to the increasing competition in the PRC and India markets. For Latin America, our gross profit margin increased from 38.2% for FY2016 to 42.2% for FY2017 because we sold new models at higher profit margin. For North America, our profit margin remain stable at 19.4% for FY2016 and 18.9% for FY2017.

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Other income and gains

Our other income and gains amounted to US\$3.7 million, US\$0.9 million, US\$0.5 million, US\$16,000 and US\$46,000 for FY2016, FY2017, FY2018, 4M2018 and 4M2019, respectively. Our other income and gains mainly consist of compensation income, government grants and foreign exchange gains. Compensation income of US\$3.1 million for FY2016 related to one-off post completion payment from the previous owner of Home Control Singapore pursuant to the contractual terms of the MS Acquisition. Government grants mainly represented incentives received from local governments of PRC for the purpose of award for business development of service outsourcing. The other income and gain remained stable from FY2017 to FY2018 and from 4M2018 to 4M2019.

Selling and distribution expenses

Our selling and distribution expenses amounted to US\$7.7 million, US\$8.4 million, US\$8.8 million, US\$3.1 million and US\$2.8 million for FY2016, FY2017, FY2018, 4M2018 and 4M2019, respectively, representing 5.7%, 5.6%, 5.1%, 6.1% and 4.9% of our total revenue for the corresponding periods. Selling and distribution expenses mainly consist of employee benefits expense in relation to sales personnel, distribution cost, travelling expense, commission payment, rental expense and exhibition shows expense which related to tradeshows and others.

The following table sets forth a breakdown of our selling and distribution expenses for the periods indicated:

	FY2016		FY2017		FY2018		4M2018		4M2019	
	US\$'000	%	US\$'000	%	US\$'000	%	US\$'000	%	US\$'000	%
Employee benefits expense	4,369	56.4	5,165	61.5	5,456	61.8	1,641	53.7	1,499	53.5
Distribution cost	1,705	22.0	1,354	16.1	1,492	16.9	650	21.3	635	22.7
Travelling expense	719	9.3	842	10.0	844	9.6	278	9.1	218	7.8
Commission payment	71	0.9	167	2.0	227	2.6	64	2.1	88	3.1
Rental expense	110	1.4	169	2.0	181	2.0	86	2.8	72	2.6
Exhibition shows expense	263	3.4	253	3.0	166	1.9	54	1.8	38	1.4
Others ^(Note)	508	6.6	446	5.4	469	5.2	285	9.2	250	8.9
	<u>7,745</u>	<u>100.0</u>	<u>8,396</u>	<u>100.0</u>	<u>8,835</u>	<u>100.0</u>	<u>3,058</u>	<u>100.0</u>	<u>2,800</u>	<u>100.0</u>

Note: Others mainly include sales consultants cost and miscellaneous expenses.

4M2019 compared to 4M2018

Our selling and distribution expenses decreased by US\$0.3 million, or 9.7%, from US\$3.1 million for 4M2018 to US\$2.8 million for 4M2019 primarily due to the decrease of employee benefit expenses by US\$0.1 million from restructuring in Home Control Europe for FY2018.

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FY2018 compared to FY2017

Our selling and distribution expenses increased by US\$0.4 million, or 4.8%, from US\$8.4 million for FY2017 to US\$8.8 million for FY2018 primarily due to (i) the increase in employee benefits expense of US\$0.3 million attributable to the increase in the average salary of our sales representatives; and (ii) the increase in distribution cost of US\$0.1 million which was in line with our increase in revenue.

FY2017 compared to FY2016

Our selling and distribution expenses increased by US\$0.7 million, or 9.1%, from US\$7.7 million for FY2016 to US\$8.4 million for FY2017 primarily due to (i) the increase in employee benefits expense of US\$0.8 million because of the increase in the number of our sales representatives for our business expansion; and (ii) the increase in travelling expenses of US\$0.1 million due to more frequent business travels to visit customers for identifying business opportunities, partially offset by the decrease in distribution cost of US\$0.3 million mainly due to the cost saving on delivery of our products locally within the PRC to the manufacturers of STBs in the PRC.

Administrative expenses

Our administrative expenses amounted to US\$13.4 million, US\$12.3 million, US\$13.4 million, US\$4.9 million and US\$5.8 million for FY2016, FY2017, FY2018, 4M2018 and 4M2019, respectively, representing 9.8%, 8.2%, 7.7%, 9.6% and 10.2% of our total revenue for the corresponding periods.

Administrative expenses mainly consist of employee benefits expense for our administration personnel; depreciation of property, plant and equipment; communication and IT expenses; travelling; staff recreation, training and insurance; impairment of trade receivables; impairment of other receivables; Listing expenses; and other miscellaneous administrative expenses.

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The following table sets forth a breakdown of our administrative expenses for the periods indicated:

	FY2016		FY2017		FY2018		4M2018		4M2019	
	US\$'000	%	US\$'000	%	US\$'000	%	US\$'000	%	US\$'000	%
Employee benefits expense	9,109	68.1	8,374	68.3	9,437	70.4	3,658	74.2	3,211	55.6
Depreciation of property, plant and equipment	782	5.8	1,051	8.6	1,371	10.2	352	7.1	325	5.6
Communication & IT expenses	1,264	9.5	967	7.9	934	7.0	390	7.9	330	5.7
Travelling	821	6.1	863	7.0	792	5.9	229	4.6	213	3.7
Staff recreation, training and insurance	439	3.3	564	4.6	526	3.9	151	3.1	133	2.3
Impairment of trade receivables	293	2.2	92	0.7	79	0.6	-	-	-	-
Listing expenses	-	-	-	-	-	-	-	-	1,400	24.3
Others	665	5.0	357	2.9	270	2.0	147	3.1	160	2.8
	<u>13,373</u>	<u>100.0</u>	<u>12,268</u>	<u>100.0</u>	<u>13,409</u>	<u>100.0</u>	<u>4,927</u>	<u>100.0</u>	<u>5,772</u>	<u>100.0</u>

Note: Others mainly include outsource recruitment cost and other miscellaneous expenses.

4M2019 compared to 4M2018

Our administrative expenses increased by US\$0.9 million, or 18.4%, from US\$4.9 million for 4M2018 to US\$5.8 million for 4M2019 primarily because of the Listing expenses of US\$1.4 million partially offset by the cessation of the OTT project in Shenzhen in December 2018.

FY2018 compared to FY2017

Our administrative expenses increased by US\$1.1 million or 8.9% from US\$12.3 million for FY2017 to US\$13.4 million for FY2018. The increase was primarily due to (i) the increase in employee benefits expense of US\$1.1 million which was mainly due to the increase in average salary of our staff in FY2018 compared to FY2017 and the staff salaries in the OTT project in Shenzhen; and (ii) increase in depreciation of property, plant and equipment of US\$0.3 million due to addition of moulds, machineries and equipment driven by the increasing purchase of our customers in FY2018 compared to FY2017.

FY2017 compared to FY2016

Our administrative expenses decreased by US\$1.1 million or 8.2% from US\$13.4 million for FY2016 to US\$12.3 million for FY2017. The decrease was primarily due to (i) decrease in employee benefits expense of US\$0.7 million because of the reduction in headcount resulting from restructuring after MS Acquisition to increase the overall efficiency of our Group; and (ii) the decrease in communication and IT expenses of US\$0.3 million resulted from cost saving after

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the MS Acquisition; partially offset by the increase in depreciation of property, plant and equipment of US\$0.3 million due to addition of moulds, machineries and equipments driven by the increasing purchase of our customers in FY2017 compared to FY2016.

Other expenses

Our other expenses amounted to US\$5.2 million, US\$3.3 million, US\$3.8 million, US\$0.6 million and US\$0.6 million, respectively, for FY2016, FY2017, FY2018, 4M2018 and 4M2019, representing 3.8%, 2.2%, 2.2%, 1.2% and 1.1%, respectively, of our total revenue for the corresponding periods. Other expenses mainly consist of restructuring and severance costs, cost of outsourcing the database collection project in India to support our R&D, withholding tax and other miscellaneous expenses.

Our restructuring and severance costs amounted to US\$1.9 million, US\$0.3 million, US\$0.8 million, US\$0.2 million and US\$17,000 for FY2016, FY2017, FY2018, 4M2018 and 4M2019, respectively, which related to the costs incurred for our integration project to streamline our headcounts after the MS Acquisition throughout the Track Record Period. Our restructuring and severance costs for FY2016 mainly related to (i) restructuring costs that we were unable to recover from the previous owner of Home Control Singapore pursuant to the contractual terms of the MS Acquisition in FY2016; and (ii) the relocation of certain R&D functions from Singapore to Suzhou, the PRC. Our restructuring and severance costs for FY2017 mainly related to integration within the Suzhou R&D center. Our restructuring and severance costs for FY2018 related to (i) the termination of a non-core function in Belgium; and (ii) the cessation of operation of the OTT project in Shenzhen.

Our withholding tax amounted to nil, US\$0.3 million, US\$0.7 million, US\$3,000 and US\$46,000 for FY2016, FY2017, FY2018, 4M2018 and 4M2019, respectively, which related to withholding tax on loan arrangement fee and loan interest expenses paid. During the Track Record Period, a loan was granted to Home Control Singapore by a financial institution outside Singapore. Under the Singaporean law, withholding tax is charged on the loan arrangement fee and loan interest expenses paid.

Finance costs

Finance costs amounted to US\$0.3 million, US\$2.4 million, US\$4.1 million, US\$0.8 million and US\$1.1 million for FY2016, FY2017, FY2018, 4M2018 and 4M2019, respectively. Finance costs mainly consist of interest on bank borrowings, interest on loan from NHPEA Cayman, interest portion of lease liabilities, write-off of loan arrangement fee and amortisation of loan arrangement fee.

Comparison 4M2019 to 4M2018

Our finance costs increased from US\$0.8 million for 4M2018 to US\$1.1 million for 4M2019 due to the increase in the bank borrowings during the period.

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Comparison FY2018 to FY2017

Our finance costs increased from US\$2.4 million for FY2017 to US\$4.1 million for FY2018. Such increase was primarily due to (i) write-off of loan arrangement fee of US\$1.1 million in FY2018 because of early repayment of a loan drawdown in FY2016; and (ii) the increase in interest on bank borrowings as a result of addition of bank borrowings as well as increase in interest cost for FY2018.

Comparison FY2017 to FY2016

Our finance costs increased from US\$0.3 million for FY2016 to US\$2.4 million for FY2017. Such increase was mainly due to (i) the increase in interest expense on bank borrowings of US\$1.6 million driven by the addition of bank borrowings near the year end of FY2016; and (ii) an amortisation of loan arrangement fee of US\$0.4 million for FY2017.

Income tax expense

Our Group is subject to income tax on an individual legal entity basis on profits arising in or derived from the tax jurisdictions in which companies comprising our Group domicile or operate.

(i) Cayman Islands

Our Group has not been subject to any taxation in the Cayman Islands during the Track Record Period.

(ii) Singapore

The Singapore statutory income tax for Home Control Singapore has been provided at the rate of 17% on the estimated assessable profits arising in Singapore during the Track Record Period.

(iii) U.S.

The federal tax for Premium Home Control Solutions has been provided at the rates of 35%, 35%, 21% and 21% in for FY2016, FY2017, FY2018 and 4M2019, respectively; and the state tax has been provided at the rate of 4.6% on the estimated assessable profits arising in the U.S. during the Track Record Period.

(iv) Others

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which our Group operates for each reporting period during the Track Record Period. For details, see note 10 in Appendix I to this prospectus.

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For FY2016, FY2017, FY2018, 4M2018 and 4M2019, our income tax expense amounted to US\$1.9 million, US\$3.2 million, US\$0.8 million, US\$0.2 million and US\$0.3 million, respectively. For FY2016, FY2017 and FY2018, we recorded under-provision/(over-provision) of tax in prior years of US\$0.9 million, US\$0.5 million and US\$(0.6) million, respectively. For FY2016, there was an under-provision of tax in respect of prior year of US\$0.9 million as the IRAS considered that the R&D expenses filed by the Company for YA2014 and YA2016 in the amounts of US\$0.4 million and US\$0.5 million, respectively as non-deductible. For FY2017, there was an under-provision of tax in respect of prior year of US\$0.5 million because tax deduction on the R&D expenses for YA2017 was not claimed due to insufficient information at the time of tax filing. For FY2018, the over-provision of tax in respect to prior year of US\$0.6 million was mainly due to (i) a tax refund of US\$0.4 million for a tax deduction on the R&D expenses which was claimed subsequent to the initial tax filing for YA2018; and (ii) an over-provision of US\$0.2 million resulting from a dividend received deduction carried forward from YA2017. In view of the above, our Directors confirm, and as concurred by our tax advisers, that, during the Track Record Period and up to the Latest Practicable Date, our Group does not have any material unresolved tax issue or dispute with IRAS.

For FY2016, FY2017, FY2018 and 4M2018, our effective tax rates, calculated as income tax expenses divided by the profit before tax, were 25.1%, 37.5%, 18.1% and 14.0%, respectively. For 4M2019, we recorded a loss before income tax of US\$159,000 and hence effective tax rate was not applicable.

Our Directors confirm, that, during the Track Record Period up to the Latest Practicable Date, our Group does not have any material unresolved tax issue or dispute with the relevant tax authorities.

4M2019 compared to 4M2018

Income tax expense increased from US\$0.2 million for 4M2018 to US\$0.3 million for 4M2019 due to increase in statutory tax of US\$0.2 million attributable to the increase in profit before tax for the operating subsidiaries of the Group and adjustments in respect of current tax of previous period due to over provision.

FY2018 compared to FY2017

Income tax expense decreased by US\$2.4 million from US\$3.2 million for FY2017 to US\$0.8 million for FY2018. The decrease was primarily due to (i) the decrease in statutory tax of US\$0.9 million attributable to the decrease in profit before tax of US\$4.0 million; and (ii) over provision in prior year. Based on the combined effects above, our effective tax rate decreased from 37.5% for FY2017 to 18.1% for FY2018.

FY2017 compared to FY2016

Income tax expense increased by US\$1.3 million from US\$1.9 million for FY2016 and US\$3.2 million for FY2017 primarily due to (i) the increase in statutory tax of US\$0.7 million attributable to the increase in profit before tax of US\$0.8 million in FY2017; (ii) expenses not deductible for tax of US\$0.9 million related to the R&D expenses in Singapore; and (iii) under provision in prior year. Based on the combined effects above, our effective tax rate increased from 25.1% for FY2016 to 37.5% for FY2017.

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Profit/(loss) for the year/period

As a cumulative effect of the above, our profit/(loss) for the year/period decreased by US\$0.4 million from US\$5.7 million for FY2016 to US\$5.3 million for FY2017, decreased by US\$1.7 million to US\$3.6 million for FY2018, and decreased from US\$1.2 million for 4M2018 to a loss of US\$0.5 million for 4M2019. Our net profit margin decreased slightly from 4.2% for FY2016 to 3.5% for FY2017 and to 2.1% for FY2018. Our net profit margin was 2.4% for 4M2018.

Our adjusted net profit amounted to US\$4.6 million, US\$5.6 million, US\$5.6 million, US\$1.4 million and US\$0.9 million for FY2016, FY2017, FY2018, 4M2018 and 4M2019 respectively. Our adjusted net profit margin remained relatively stable at 3.4%, 3.7% and 3.2% for FY2016, FY2017 and FY2018, respectively. Our adjusted net profit margin for 4M2018 and 4M2019 were 2.7% and 1.7%, respectively, because we sold to our major customers a different product mix with generally a lower profit margin.

DESCRIPTION OF CERTAIN ITEMS OF CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The following is a summary of the consolidated statements of financial position as at 31 December 2016, 2017 and 2018 and 30 April 2019, details of which are set out in the Accountants' Report in Appendix I to this prospectus.

	As at 31 December			As at
	2016	2017	2018	30 April
	US\$'000	US\$'000	US\$'000	US\$'000
NON-CURRENT ASSETS				
Property, plant and equipment	4,177	5,213	6,596	6,832
Other intangible assets	3,183	1,937	769	362
Goodwill	8,877	8,877	8,877	8,877
Deferred tax assets	502	609	281	242
	16,739	16,636	16,523	16,313
TOTAL NON-CURRENT ASSETS				
CURRENT ASSETS				
Inventories	17,881	27,899	21,136	18,315
Trade receivables	24,979	30,406	34,351	34,337
Prepayments and other receivables	518	1,118	1,432	1,769
Cash and cash equivalents	12,222	9,342	19,854	17,970
	55,600	68,765	76,773	72,391
TOTAL CURRENT ASSETS				

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	As at 31 December			As at
	2016	2017	2018	30 April
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>2019</i>
				<i>US\$'000</i>
CURRENT LIABILITIES				
Trade payables	23,420	39,602	42,772	38,246
Other payables and accruals	6,809	6,130	5,679	4,030
Contract liabilities	824	636	352	352
Interest-bearing bank and other borrowings	2,167	4,619	14,382	14,443
Lease liabilities	493	563	474	477
Provisions	612	123	123	123
Tax payable	1,514	3,633	781	1,159
	<u>35,839</u>	<u>55,306</u>	<u>64,563</u>	<u>58,830</u>
 Total current liabilities	 <u>35,839</u>	 <u>55,306</u>	 <u>64,563</u>	 <u>58,830</u>
 Net current assets	 <u>19,761</u>	 <u>13,459</u>	 <u>12,210</u>	 <u>13,561</u>
 TOTAL ASSETS LESS CURRENT LIABILITIES				
	<u>36,500</u>	<u>30,095</u>	<u>28,733</u>	<u>29,874</u>
 NON-CURRENT LIABILITIES				
Interest-bearing bank and other borrowings	30,000	26,208	27,440	27,658
Lease liabilities	909	655	595	488
Provisions	530	628	569	565
Deferred tax liabilities	319	182	104	91
	<u>31,758</u>	<u>27,673</u>	<u>28,708</u>	<u>28,802</u>
 NET ASSETS	 <u>4,742</u>	 <u>2,422</u>	 <u>25</u>	 <u>1,072</u>

Net assets

We recorded net assets of US\$4.7 million, US\$2.4 million, US\$25,000 and US\$1.1 million as at 31 December 2016, 2017 and 2018 and 30 April 2019, respectively. The decrease in the net assets was primarily attributable to dividends distributed to our Controlling Shareholders. As disclosed in Note 30 to the Accountant's Report set out in Appendix I, we paid dividends of US\$35.4 million, US\$8.0 million and US\$5.7 million, respectively, in FY2016, FY2017 and FY2018. Such dividends came from the comprehensive income and share premium of our Group and also financed by our banking facilities.

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The underlying reasons for such banking facilities and distribution of dividends from the perspective of our Controlling Shareholders are as follows: (i) NHPEA, which is controlled by NHPEA L.P., a fund managed by the private equity arm of Morgan Stanley, is a financial investor focused on delivering financial returns for investors in their fund; (ii) NHPEA, through our Company, acquired the entire stake of Home Control Singapore (the principal operating subsidiary of our Group) from Philips in April 2015. Following the investment, NHPEA started to review our capital and financial structure and decided to pay dividends and took on an appropriate level of external borrowings that would enhance their returns; and (iii) in determining the amount of the external bank facilities, NHPEA considered a number of factors, including our ability to service the debt based on our operating cashflow and our retained earnings.

Property, plant and equipment

We do not own any land and building. We adopt an asset-light business model, which enables us to minimise our fixed asset investment. Our property, plant and equipment primarily comprised specific tools, which were moulds, and machinery and equipment, and office premises under right-of-use asset. Our balance of property, plant and equipment increased from US\$4.2 million as at 31 December 2016 to US\$5.2 million as at 31 December 2017, and increased to US\$6.6 million as at 31 December 2018, and slightly increased to US\$6.8 million as at 30 April 2019, primarily as a result of the addition of moulds, machinery and equipment driven by the increasing purchase demand of our customers during the Track Record Period.

Other intangible assets

Our other intangible assets mainly consisted of patents and software. Our other intangible assets decreased from US\$3.2 million as at 31 December 2016 to US\$1.9 million as at 31 December 2017, and further decreased to US\$0.8 million as at 31 December 2018, and further decreased to US\$0.4 million as at 30 April 2019, primary as a result of amortisation of patents.

Goodwill

We acquired goodwill through the MS Acquisition, which has been allocated as follows:

	As at 31 December			As at
	2016	2017	2018	30 April
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Goodwill	8,877	8,877	8,877	8,877

Impairment testing of goodwill

Goodwill acquired through business combinations is allocated to the remote control products cash-generating unit for impairment testing.

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The recoverable amount of the remote control products cash-generating unit has been determined based on value in use calculation using cash flow projections covering a five-year period approved by management. The pre-tax discount rate applied to the cash flow projections and the growth rate used to extrapolate the cash flow of the remote control products cash-generating unit in and beyond the five-year period are as follows:

	As at 31 December			As at
	2016	2017	2018	30 April
	%	%	%	2019
				%
Revenue growth rate	2.0	2.0	2.0	2.0
Terminal growth rate	1.4	1.4	1.4	1.4
EBIT margin rate	6.4	7.5	6.2	6.2
Pre-tax discount rate	16.0	16.0	16.0	16.0

Assumptions were used in the value in use calculation of the remote control products cash-generating unit for the Track record period. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Revenue growth rate

The forecasted revenue growth rate used for five-year period projection is based on the historical data and management's expectation on the future market.

Terminal growth rate

The forecasted terminal growth rate is based on management expectations and do not exceed the long-term average growth rate for the industry relevant to the cash-generating unit.

EBIT margin rate

The basis used to determine the value assigned to the EBIT margins is based on the historical experience.

Pre-tax discount rate

Discount rate represents the current market assessment of the risks specific to the cash-generating unit, regarding the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its cash-generating unit and derived from its weighted average cost of capital ("WACC"). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service.

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The parameters used for impairment test of goodwill (except for earnings before interest and tax margin rate) remained the same throughout the Track Record Period because our management considered that there were no material changes in business and operation of our Group or external market conditions when determining the key assumptions.

The values assigned to the key assumptions on market development of remote control products and pre-tax discount rate are consistent with external information sources.

As at 31 December 2016, 2017 and 2018 and 30 April 2019, the recoverable amount of the cash-generating unit exceeds its carrying amount by US\$13.8 million, US\$26.6 million, US\$15.6 million and US\$23.6 million, respectively and our Directors did not identify an impairment for this cash-generating unit.

Decreases in the EBIT margin rate or rises in the pre-tax discount rate as follows (with other assumptions remaining unchanged) would result in decreases in the cash-generating unit's recoverable amount to equal to its carrying amount.

	As at 31 December			As at
	2016	2017	2018	30 April 2019
	%	%	%	%
EBIT margin rate	4.8	4.8	5.0	4.6
Pre-tax discount rate	20.0	29.5	24.7	24.0

In the opinion of our Directors, except for the above, any reasonably possible change in the other key assumptions on which the recoverable amount is based would not cause the cash-generating unit's carrying amount to exceed its recoverable amount as at 31 December 2016, 2017 and 2018 and 30 April 2019.

Inventories

Our inventories consist of components and finished goods. Components consist of plastics, ICs, keymats and PCBs. Finished goods refer to our products which are ready to be sold. The following table sets forth the components of our inventories as at the dates indicated:

	As at 31 December			As at
	2016	2017	2018	30 April 2019
	US\$'000	US\$'000	US\$'000	US\$'000
Components	6,409	11,722	10,083	8,705
Finished goods	11,472	16,177	11,053	9,610
	<u>17,881</u>	<u>27,899</u>	<u>21,136</u>	<u>18,315</u>

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Our balance of inventories increased by US\$10.0 million or 55.9% from US\$17.9 million as at 31 December 2016 to US\$27.9 million as at 31 December 2017, which was mainly attributable to (i) the increase in components due to our overall increase in sales and new orders made at the end of the year, and (ii) the increase in finished goods due to our overall increase in sales. Our balance of inventories decreased by US\$6.8 million or 24.4% to US\$21.1 million as at 31 December 2018, primarily as a result of the decrease in finished goods due to decrease in sales to a US customer near the year end of FY2018. Our balance of inventories decreased to US\$18.3 million as at 30 April 2019, primarily because we procured less inventories in expectation of lower sales in the second quarter.

To minimise the risk of building up inventory, we review our inventory levels on a monthly basis. We believe that maintaining appropriate levels of inventories helps us deliver our products to meet the market demands in a timely manner without straining our liquidity.

The following table sets forth the turnover days of our inventories for the periods indicated.

	For the year ended 31 December			For the four months ended 30 April
	2016	2017	2018	2019
Inventory turnover days ^(Note)	<u>60</u>	<u>72</u>	<u>64</u>	<u>51</u>

Note: Inventory turnover days were calculated based on the average of the opening and closing inventories divided by cost of sales for the respective years/period multiplied by 365/120 for the year/period.

Our average turnover days of inventories remained relatively stable at 60 days in 2016, 72 days in 2017, 64 days in 2018 and 51 days for 4M2019, respectively. The slightly longer inventory turnover days for FY2017 was mainly due to the holding up of the delivery of the finished goods during the prolonged negotiation with our major customer over the delivery arrangement.

As at 31 August 2019, US\$16.3 million or 89.1% of our inventories as at 30 April 2019 had been sold or utilised.

Trade receivables

The following table sets forth our trade receivables as at the dates indicated:

	As at 31 December			As at 30 April
	2016	2017	2018	2019
	US\$'000	US\$'000	US\$'000	US\$'000
Trade receivables	25,576	30,783	34,807	34,793
Impairment	<u>(597)</u>	<u>(377)</u>	<u>(456)</u>	<u>(456)</u>
	<u>24,979</u>	<u>30,406</u>	<u>34,351</u>	<u>34,337</u>

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Our trade receivables increased from US\$25.0 million as at 31 December 2016 to US\$30.4 million as at 31 December 2017 mainly due to our higher sales in the fourth quarter contributed by newly acquire Customer F. Our trade receivables further increased to US\$34.4 million as at 31 December 2018 mainly due to sales orders from two major customers in the fourth quarter.

Our trade receivables remained stable at US\$34.3 million as at 30 April 2019.

Our trade receivables are non-interest bearing and are generally on 30 to 90 days' terms. Before accepting any new customers, our Group will apply an internal credit assessment policy to assess the potential customer's credit quality and define credit limit by customer. Our Group seeks to maintain strict control over its outstanding receivables and has a credit control team to minimise the credit risk. Overdue balances are reviewed regularly by senior management.

As at 31 December 2016, 2017 and 2018 and 30 April 2019, provisions for impaired trade receivables were US\$0.6 million, US\$0.4 million, US\$0.5 million and US\$0.5 million, respectively.

The movements in the loss allowance for impairment of our trade receivables as at the dated indicated are as follows:

	As at 31 December			As at
	2016	2017	2018	30 April
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
At the beginning of year/period	304	597	377	456
Impairment losses recognised	293	92	79	–
Write-off	–	(312)	–	–
	–	(312)	–	–
At the end of year/period	597	377	456	456

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on historical loss pattern of our Group. The calculation reflects the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. For details of credit risk exposure, see note 35(b) of Appendix I to this prospectus.

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The following table sets forth the ageing analysis of our trade receivables based on the payment due date and net of loss allowance, as at the dates indicated:

	As at 31 December			As at
	2016	2017	2018	30 April
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	2019
				<i>US\$'000</i>
Not past due	18,588	21,387	27,331	27,189
Past due 0 – 90 days	5,544	7,157	5,810	6,350
Past due above 90 days	847	1,862	1,210	798
	24,979	30,406	34,351	34,337

As at 31 August 2019, US\$32.3 million or 93.9% of our trade receivables outstanding as at 30 April 2019 were settled.

The table below sets forth a summary of average turnover days of trade receivables for the periods indicated:

	FY2016	FY2017	FY2018	4M2019
Trade receivables turnover days ^(Note)	73	67	68	73

Note: Trade receivables turnover days were calculated based on the average of the opening and closing trade receivables divided by revenue for the respective years/period multiplied by 365/120 for the year/period.

Our average turnover days of trade receivables remained relatively stable at 73 days in 2016, at 67 days in 2017, 68 days in 2018, and 73 days in 4M2019 respectively, and within credit term.

Trade payables

Our trade payables increased from US\$23.4 million as at 31 December 2016 to US\$39.6 million as at 31 December 2017 was due to higher purchase in the fourth quarter. Our trade payables further increased to US\$42.8 million as at 31 December 2018 was due to higher purchase attributable to the increase in demand from our major customers in the fourth quarter of FY2018 compared to that of FY2017. Our trade payables decreased to US\$38.2 million as at 30 April 2019 which was in line with our decrease in inventories.

The following table sets out the average trade payables turnover days for the Track Record Period:

	FY2016	FY2017	FY2018	4M2019
Trade payables turnover days ^(Note)	90	99	108	104

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Note: Trade payables turnover days were calculated based on the average of the opening and closing trade payables divided by cost of sales for the respective years/period multiplied by 365/120 for the year/period.

As at 31 August 2019, US\$37.2 million or 97.1% of trade payables outstanding as at 30 April 2019 had been fully settled. Our Directors confirmed that during the Track Record Period up to the Latest Practicable Date, there was no material default in payment of trade payables.

An ageing analysis of our trade payables as at 31 December 2016, 2017 and 2018 and 30 April 2019, based on the invoice date, is as follows:

	As at 31 December			As at
	2016	2017	2018	30 April
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	2019
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Not past due	23,295	31,192	31,903	37,683
Past due 0 – 90 days	92	8,410	10,869	563
Past due 91 – 180 days	33	–	–	–
	<u>23,420</u>	<u>39,602</u>	<u>42,772</u>	<u>38,246</u>

Other payables and accruals

Our other payables and accruals consist primarily of accruals which mainly included sales related accrual, IT cost provision and distribution accrual and payroll and welfare accruals. Other payables and accruals as at 31 December 2016, 2017 and 2018 and 30 April 2019 were US\$6.8 million, US\$6.1 million, US\$5.7 million and US\$4.0 million, respectively, of which a breakdown is set out below:

	As at 31 December			As at
	2016	2017	2018	30 April
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	2019
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Other payables	100	187	122	80
Withholding tax payables	3	18	619	74
Accruals	4,430	2,889	2,707	2,661
Interest payable	58	68	86	220
Payroll and welfare accruals	2,218	2,968	2,145	995
	<u>6,809</u>	<u>6,130</u>	<u>5,679</u>	<u>4,030</u>

Our other payables and accruals decreased for FY2016, FY2017 and FY2018 which was primarily due to decrease in accruals for (i) cessation of sales rebates to several customers and (ii) the agreement signed between Home Control Singapore and Philips for the secondment of sales representative during the transition period after the MS Acquisition.

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Our other payables and accruals decreased for 4M2019 which was primarily due to decrease in payroll and welfare accruals because bonus payment was accrued as at the year end and paid out in March of the following year.

Net Current Assets

We recorded net current assets of US\$19.8 million, US\$13.5 million, US\$12.2 million, US\$13.6 million and US\$15.6 million as at 31 December 2016, 2017 and 2018, 30 April 2019 and 31 August 2019, respectively. The table below sets out selected information for our current assets and current liabilities as at the dates indicated, respectively:

	As at 31 December			As at 30 April	As at 31 August
	2016	2017	2018	2019	2019
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Current Assets					
Inventories	17,881	27,899	21,136	18,315	20,821
Trade receivables	24,979	30,406	34,351	34,337	41,218
Prepayment and other receivables	518	1,118	1,432	1,769	1,725
Cash and cash equivalents	12,222	9,342	19,854	17,970	19,452
Total current assets	55,600	68,765	76,773	72,391	83,216
Current Liabilities					
Interest-bearing bank and other borrowings	2,167	4,619	14,382	14,443	14,524
Lease liabilities	493	563	474	477	416
Trade payables	23,420	39,602	42,772	38,246	47,285
Contract liabilities	824	636	352	352	–
Other payables and accrual	6,809	6,130	5,679	4,030	4,654
Provisions	612	123	123	123	109
Tax payable	1,514	3,633	781	1,159	582
Total current liabilities	35,839	55,306	64,563	58,830	67,570
NET CURRENT ASSETS	19,761	13,459	12,210	13,561	15,646

Our Group's net current assets decreased from US\$19.8 million as at 31 December 2016 to US\$13.5 million as at 31 December 2017. The decrease was primarily due to (i) an increase in trade payables of US\$16.2 million; (ii) a decrease in cash and cash equivalent of US\$2.9 million, and (iii) an increase in interest-bearing bank and other borrowings of US\$2.4 million, partially offset by (i) an increase in inventories of US\$10.0 million; and (ii) an increase in trade receivables of US\$5.4 million.

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Our Group's net current assets decreased to US\$12.2 million as at 31 December 2018. The decrease was primarily due to (i) a decrease in inventories of US\$6.8 million; (ii) an increase in interest-bearing bank and other borrowings of US\$9.8 million, partially offset by (i) an increase in cash and cash equivalent of US\$10.5 million; and (ii) an increase in trade receivables of US\$3.9 million.

Our Group's net current assets increased to US\$13.6 million as at 30 April 2019 which was due to the decrease in current liabilities of US\$5.8 million partially offset by the decrease in current assets of US\$4.4 million. The decrease in current liabilities was mainly due to decrease in trade payables of US\$4.6 million and decrease in other payables and accrual of US\$1.7 million. The decrease in current assets was mainly due to decrease in inventories of US\$2.8 million and decrease in cash and cash equivalents of US\$1.9 million.

Our Group's net current assets increased to US\$15.6 million as at 31 August 2019 primarily due to (i) increase in trade receivables of US\$6.9 million, (ii) increase in inventories at US\$2.5 million, (iii) increase in cash and cash equivalent of US\$1.5 million; partially offset by increase in trade payables of US\$9.0 million.

Working Capital Sufficiency

Our Directors have confirmed that after taking into account the existing financial resources available to us, the expected internally generated funds and the estimated net proceeds from the Global Offering, we have sufficient working capital for our requirements for at least the next 12 months from the date of this prospectus.

Save as disclosed in this prospectus, our Directors are not aware of any other factors that would have a material impact on our Group's liquidity. Details of the funds necessary to meet our existing operations and to fund our future plans are set out in the section headed "Future Plans and Use of Proceeds" in this prospectus.

LIQUIDITY AND CAPITAL RESOURCES

Source of liquidity and working capital

We have financed our operations primarily through a cash generated from our operations. Our Group's principal use of cash have been, and are expected to continue to be, the purchase of components from suppliers, payment of outsourcing costs, staff costs and various operating expenses.

Upon completion of the Global Offering, we currently expect that there will not be any material change in the sources and uses of cash of our Group in the future, except that we would have additional funds from proceeds of the Global Offering for implementing our future plans as detailed under the section headed "Future Plans and Use of Proceeds" of this prospectus.

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Cash flow

The following table sets forth a summary of cash flows of our Group for the periods indicated:

	FY2016	FY2017	FY2018	4M2018	4M2019
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
				(Unaudited)	
Operating cash flow before movements in working capital	13,853	14,250	13,694	3,610	3,807
Net cash from/(used in) operating activities	10,785	11,841	13,618	(5,445)	86
Net cash used in investing activities	(3,342)	(2,884)	(3,816)	(1,355)	(1,207)
Net cash (used in)/from financing activities	(5,929)	(12,050)	828	7,167	(733)
Net increase/(decrease) in cash and cash equivalents	1,514	(3,093)	10,630	367	(1,854)
Cash and cash equivalents at the end of the year/period	12,222	9,342	19,854	9,724	17,970

Net cash flows generated from operating activities

During the Track Record Period, we derived cash inflow from operating activities principally from cash inflow from our operation. Our cash outflow from operating activities is principally for purchase of components, payment of outsourcing costs, staff costs and various operating expenses.

For 4M2019, our Group had net cash generated from operating activities of US\$86,000. Our net cash inflow was primarily attributable to cash flow generated from operations of US\$3,000 and net income tax refund US\$0.1 million. Our cash flow generated from operations primarily consisted of loss before tax of US\$0.2 million, adjusted by reconciliation of non-cash items of US\$4.0 million and negative changes in working capital, which mainly include (i) a decrease in trade payables of US\$4.5 million, (ii) a decrease in other payables and accruals of US\$46,000, partially offset by (i) a decrease in inventories of US\$2.8 million.

For FY2018, our Group had net cash generated from operating activities of US\$13.6 million. Our net cash inflow was attributable to cash flow generated from operations of US\$18.1 million and partially offset by net income tax paid of US\$3.4 million and restructuring and severance costs paid of US\$0.8 million and long service awards paid of US\$0.1 million. Our cash flow generated from operations primarily consisted of profit before tax of US\$4.5 million, adjusted by reconciliation of non-cash items of US\$9.2 million and positive changes in working capital, which mainly include (i) a decrease in inventories of US\$6.8 million, (ii) an increase in trade payables of US\$3.2 million, partially offset by (i) an increase in trade receivables of US\$4.4 million, and (ii) an increase in prepayments and other receivables of US\$0.3 million.

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For FY2017, our Group had net cash generated from operating activities of US\$11.8 million. Our net cash inflow was mainly attributable to cash flow generated from operations of US\$13.7 million and partially offset by net income tax paid of US\$1.3 million and restructuring and severance costs paid of US\$0.5 million. Our cash flow generated from operations primarily consisted of profit before tax of US\$8.4 million, adjusted by reconciliation of non-cash items of US\$5.8 million and negative changes in working capital, which mainly include (i) an increase in inventories of US\$10.0 million, (ii) an increase in trade receivables of US\$5.2 million, (iii) a decrease in other payables and accruals of US\$0.7 million, partially offset by an increase in trade payables of US\$16.2 million.

For FY2016, our Group had net cash generated from operating activities of US\$10.8 million. Our net cash inflow was mainly attributable to cash flow generated from operations of US\$17.3 million and partially offset by net income tax paid of US\$1.2 million and restructuring and severance costs of US\$5.3 million. Our cash flow generated from operations primarily consisted of profit before tax of US\$7.6 million, adjusted by reconciliation of non-cash items of US\$6.2 million and positive changes in working capital, which mainly include (i) a decrease in prepayments and other receivables of US\$6.0 million, (ii) a decrease trade receivables of US\$4.2 million; partially offset by (i) a decrease in trade payables of US\$5.3 million, and (ii) a decrease in other payables and accruals of US\$2.7 million.

During the Track Record Period, our net cash generated from operating activities remained stable.

Net cash used in investing activities

During the Track Record Period, our cash outflow for investing activities was for the purchase of property, plant and equipment and other intangible assets.

For 4M2019, our Group had net cash used in investing activities of US\$1.2 million, which was primarily attributable to the purchase of property, plant and equipment.

For FY2018, net cash used in investing activities was US\$3.8 million, which was primarily attributable to the purchase of property, plant and equipment.

For FY2017, our Group had net cash used in investing activities was US\$2.9 million, which was primarily attributable to the purchase of property, plant and equipment.

For FY2016, our Group had net cash used in investing activities of US\$3.3 million, which was attributable to the purchase of plant and equipment of US\$2.5 million and the purchase of intangibles of US\$0.8 million.

During the Track Record Period, our net cash used in investing activities remained stable.

Net cash (used in)/from financing activities

During the Track Record Period, our cash inflow from financing activities was principally from proceeds from interest-bearing bank and other borrowings. Our cash outflow for financing activities was principally for (i) dividends paid to our Shareholders; (ii) repayment of interest-bearing bank and other borrowings; (iii) payment of loan arrangement fees; and (iv) repayment of lease obligations.

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For 4M2019, our Group had net cash used in financing activities of US\$0.7 million. This was primarily due to (i) interest paid of US\$0.6 million and (ii) repayment of lease obligations of US\$0.1 million.

For FY2018, our Group had net cash generated from financing activities of US\$0.8 million. This was primarily due to proceeds from interest-bearing bank and other borrowings of US\$21.0 million, partially offset by (i) repayment of interest-bearing bank and other borrowings of US\$8.0 million; (ii) dividends paid of US\$5.7 million; (iii) payment of loan arrangement fees of US\$3.3 million; (iv) interest paid of US\$2.5 million; and (v) repayment of lease obligations of US\$0.5 million.

For FY2017, our Group had net cash used in financing activities of US\$12.1 million. This was primarily due to (i) dividends paid of US\$8.0 million; (ii) repayment of interest-bearing bank and other borrowings of US\$7.0 million; (iii) payment of loan arrangement fees of US\$1.8 million; (iv) interest paid of US\$1.6 million; and (v) repayment of lease obligation of US\$0.5 million, partially offset by proceeds from interest-bearing bank and other borrowings of US\$7.0 million.

For FY2016, our Group had net cash used in financing activities was US\$5.9 million. This was primarily due to (i) the dividends paid of US\$35.4 million, and (ii) repayment of lease obligation of US\$0.4 million partially offset by the proceeds from interest-bearing bank and other borrowings of US\$30.0 million.

Our net cash used in financing activities increased from US\$5.9 million for FY2016 to US\$12.1 million for FY2017 mainly due to (i) the decrease in proceeds from interest-bearing bank and other borrowings of US\$23.0 million for FY2017, (ii) a repayment of interest-bearing bank and other borrowings of US\$7.0 million for FY2017, and partially offset by the decrease in dividends paid of US\$27.4 million for FY2017. For FY2018, we changed to a net cash from financing activities mainly due to proceeds from interest-bearing bank and other borrowings of US\$21.0 million, partially offset by (i) the repayment of interest-bearing bank and other borrowings of US\$8.0 million and (ii) a smaller dividends paid for FY2018.

DIVIDEND POLICY

During the Track Record Period, the dividends paid by our Company was US\$35.4 million, US\$8.0 million, US\$5.7 million and nil for FY2016, FY2017, FY2018 and 4M2019, respectively. As advised by our Cayman Islands legal advisers, a position of accumulated losses does not necessarily restrict us from declaring and paying dividends to our Shareholders. Under Cayman Islands law, our Company may pay a dividend out of either our profits or amounts standing to the credit of our share premium account, provided that this would not result in our Company being unable to pay our debts as they fall due in the ordinary course of business. Currently, we expect to distribute not less than 30% of our annual distributable profits as dividends in the future. The declaration of dividends is subject to the discretion of our Board and the approval of our Shareholders, and we may change our dividend policy or distribution ratio in the future. There is no assurance that we will be able to distribute dividends of such amounts or any amounts in every year or any year in the future. Our Directors may recommend a payment of dividends in the future after taking into account our operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions, capital

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expenditure and future development requirements, shareholders' interests and other factors which they may deem relevant at such time. Any declaration and payment as well as the amount of the dividends will be subject to our constitutional documents and the Companies Law, including the approval of our Shareholders. Any future declarations of dividends may or may not reflect our historical declarations of dividends and will be at the absolute discretion of our Directors.

Any distributable profits that are not distributed in any given year will be retained and available for distribution in subsequent years. To the extent profits are distributed as dividends, such portion of profits will not be available to be reinvested in our operations.

CAPITAL EXPENDITURES

Our Group's capital expenditures mainly represent our additions to specific tools for our operations. During the Track Record Period, our Group incurred capital expenditures of US\$3.3 million, US\$2.9 million, US\$3.8 million and US\$1.2 million, respectively. Between 30 April 2019 and 31 August 2019, we acquired specific tools and machinery and equipments of US\$2.0 million.

For FY2019, we estimate that the capital expenditures will amount to US\$3.8 million primarily for purchase of specific tools and machinery and equipment.

Our Group's projected capital expenditures are subject to revision based upon any future changes in our business plan, market conditions, and economic and regulatory environment. Please refer to the section headed "Future Plans and Use of Proceeds" in this prospectus for further information.

PROPERTY INTERESTS

Our Directors confirm that, as at the Latest Practicable Date, there were no circumstances that would give rise to a disclosure requirement under Rules 5.01 to 5.10 of the Listing Rules. As at the Latest Practicable Date, our property interests do not form part of our property activities and no single property interest that forms part of our non-property activities has a carrying amount of 15% or more of our total assets.

CONTRACTUAL AND CAPITAL COMMITMENTS

We expect to fund our contractual commitments and capital expenditures principally through the net proceeds from the Global Offering, cash generated from our operating activities and proceeds from borrowings and notes. We believe that these sources of funding will be sufficient to finance our contractual commitments and capital expenditure needs for the next 12 months.

Capital commitments

As at 31 December 2016, 2017 and 2018, 30 April 2019 and as at the Latest Practicable Date, our Group did not have any material capital commitments.

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INDEBTEDNESS

	2016			As at 31 December 2017			2018			As at 30 April 2019			As at 31 August 2019		
	Contractual interest rate		Maturity	Contractual interest rate		Maturity	Contractual interest rate		Maturity	Contractual interest rate		Maturity	Contractual interest rate		Maturity
	%			%			%			%			%		
Current															
Loan from NHPEA Cayman	5.0	Repayable on demand	2,167	5.0	Repayable on demand	2,267	-	-	-	-	-	-	-	-	-
Loan from bank	-	-	-	LIBOR+3.5	2018	2,352	LIBOR+3.0	2019	14,382	LIBOR+3.0	2019	14,443	LIBOR+3.0	2019	14,524
			2,167			4,619			14,382			14,443			14,524
Non-current															
Loan from bank	LIBOR+3.5	2019-2021	30,000	LIBOR+3.5	2019-2021	26,208	LIBOR+3.0	2020-2023	27,440	LIBOR+3.0	2020-2023	27,658	LIBOR+3.0	2020-2023	27,876
			32,167			30,827			41,822			42,101			42,400

As at 31 December 2016 and 2017, our loan from NHPEA Cayman was unsecured, bears interest at 5% per annum and repayable on demand. As at 31 December 2016, 2017 and 2018, 30 April 2019 and 31 August 2019, our bank loans were pledged by (i) the share charge over our Company; (ii) the share charge over Home Control Singapore; (iii) the share pledge over Home Control Europe; (iv) the share pledge over Premium Home Control Solutions; and (v) a minimum bank balance in the amount equivalent to the interest payable for the next six months.

As at 31 August 2019, being the latest practicable date for the purpose of indebtedness statement, we had aggregate banking facilities of US\$76.0 million, of which US\$31.0 million was unutilised. We are not committed to draw down the unutilised amount.

During the Track Record Period, we did not experience any delay or default in repayment of bank borrowings nor experience any difficulty in obtaining banking facilities with terms that are commercially acceptable to us. As at the date of this prospectus, we did not have any plan for additional external debt financing.

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Lease liabilities

	As at 31 December			As at	As at
	2016	2017	2018	30 April	31 August
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>2019</i>	<i>2019</i>
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Current	493	563	474	477	416
Non-current	909	655	595	488	351
	1,402	1,218	1,069	965	767

IFRS 16 have been early adopted by our Group throughout the Track Record Period, we recognised right-of-use assets and the corresponding lease liabilities in respect of all leases, except for short-term leases and low value assets. Our total lease liabilities of US\$0.8 million were recognised as at 31 August 2019.

Contingent liabilities

As at 31 August 2019, being the latest practicable date for the purpose of the indebtedness statement, we did not have any material contingent liabilities or guarantees.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities as at Latest Practicable Date, our Group did not have outstanding indebtedness or any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptable credits, debentures, mortgages, charges, finance leases or hire purchases commitments, guarantees, material covenants, or other material contingent liabilities.

OFF-BALANCE SHEET ARRANGEMENT

As at the Latest Practicable Date, we had not entered into any off-balance sheet transaction.

TRANSACTIONS WITH RELATED PARTIES

With respect to the related party transactions set forth in the Accountants' Report in Appendix I to this prospectus, our Directors confirm that these transactions were conducted on normal commercial terms or such terms that were no less favourable to our Group than those available to Independent Third Parties and were fair and reasonable and in the interest of our Shareholders as a whole.

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KEY FINANCIAL RATIOS

The following table sets forth our key financial ratios as at each of the dates/periods indicated:

	FY2016	FY2017	FY2018	4M2019
Return on capital employed (%) ⁽¹⁾	21.8	35.8	29.6	9.5
	As at 31 December			As at
	2016	2017	2018	30 April 2019
Current ratio (times) ⁽²⁾	1.6	1.2	1.2	1.2
Debt to total assets (%) ⁽³⁾	46.4	37.5	46.0	48.6

Notes:

- (1) Return on capital employed for FY2016, FY2017, FY2018 and 4M2019 was calculated based on EBIT divided by the capital employed (total assets minus current liabilities as at the respective dates) and multiplied by 100%. Return on capital employed for 4M2019 is adjusted on an annualised basis.
- (2) Current ratio as at 31 December 2016, 2017 and 2018 and 30 April 2019 was calculated based on the total current assets divided by the total current liabilities as at the respective dates.
- (3) Debt to total asset as at 31 December 2016, 2017 and 2018 and 30 April 2019 was calculated based on the total debts (sum of bank borrowings and lease liabilities) divided by the total assets as at the respective dates and multiplied by 100%.

Return on capital employed

Our return on capital employed was 21.8%, 35.8%, 29.6% and 9.5% for FY2016, FY2017, FY2018 and 4M2019, respectively. The increase for FY2017 was due to (i) the increase in EBIT of US\$2.8 million primarily contributed from the increase in gross profit of US\$3.3 million and the decrease in administrative expenses of US\$1.1 million partially offset by the decrease in other income and gains of US\$2.9 million for the reasons discussed above; and (ii) the increase current liabilities of US\$19.5 million partially offset by the increase in total assets of US\$13.1 million for the reasons discussed above. The decrease for FY2018 was due to (i) the decrease in EBIT of US\$2.3 million primarily contributed from the increase in administrative expenses of US\$1.1 million for the reasons discussed above; and (ii) the increase in total assets of US\$7.9 million partially offset by the increase in current liabilities of US\$9.3 million for the reasons discussed above. Our return on capital employed decreased to 9.5% to 4M2019 due to the Listing expenses incurred during the period. Excluding the Listing expenses, the adjusted annualised return on capital employed would be 23.5%.

Current ratio

Our current ratio was 1.6, 1.2, 1.2 and 1.2 as at 31 December 2016, 2017 and 2018 and 30 April 2019, respectively, which remained relatively stable.

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Debt to total assets

Our debt to total assets ratio was 46.4%, 37.5%, 46.0% and 48.6% as at 31 December 2016, 2017 and 2018 and 30 April 2019, respectively. The decrease as at 31 December 2017 was due to purchase of moulds whilst we maintained same level of bank borrowings. The increase as at 31 December 2018 was due to the increase in bank borrowings. Our debt to total assets as at 30 April 2019 remained stable.

NON-IFRS MEASURES: ADJUSTED NET PROFIT MARGIN, ADJUSTED EBITDA MARGIN AND DEBT TO ADJUSTED EBITDA

We recognised non-recurring items during the Track Record Period. To supplement our consolidated financial statements which are presented in accordance with IFRS, we also presented the adjusted net profit margin, adjusted EBITDA margin and debt to adjusted EBITDA as non-IFRS measures.

We present these additional financial measures as these were used by our management to evaluate our financial performance by eliminating the impact of non-recurring items including (i) write-off of loan arrangement fee, (ii) restructuring and severance costs, (iii) compensation income and (iv) withholding tax, which are considered not indicative for evaluation of the actual performance of our business.

The adjusted EBITDA margin and debt to adjusted EBITDA are not measures of performance under IFRSs. We believe these non-IFRS measures are a more accurate indication of our profitability and operating performance for FY2016, FY2017, FY2018 and 4M2019 as well as liquidity as at 31 December 2016, 2017 and 2018 and as at 30 April 2019. However, these non-IFRS measures should not be considered in isolation or construed as an alternative to net profit or operating income, or as an indicator of our operating performance or other consolidated operations or cash flow data prepared in accordance with IFRSs, or as an alternative to cash flow as a measurement of liquidity. The use of non-IFRS measures has material limitations as an analytical tool, as it does not include all items that impact our profit during the Track Record Period. Potential investors should be aware that these non-IFRS measures presented in this prospectus may not be comparable to similarly titled measures reported by other companies due to differences in the components of the calculation.

	FY2016	FY2017	FY2018	4M2019
Adjusted net profit margin (%) ⁽¹⁾	3.4	3.7	3.2	1.7
Adjusted EBITDA margin (%) ⁽²⁾	7.5	9.9	8.1	6.7
	As at 31 December			As at 30 April
Debt to adjusted EBITDA (times) ⁽³⁾	3.3	2.1	3.1	3.8 <i>(annualised)</i>

Notes:

- (1) Adjusted net profit margin for FY2016, FY2017, FY2018 and 4M2019 was calculated based on the adjusted net profit for the year/period divided by revenue for the respective years/period and multiplied by 100%. For the formula of the adjusted net profit, see "Non-IFRS measures: adjusted net profit and adjusted EBITDA" in this section for details.

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- (2) Adjusted EBITDA margin for FY2016, FY2017, FY2018 and 4M2019 was calculated based on adjusted EBITDA for the year/period divided by revenue for the respective years/period and multiplied by 100%. For the formula of the adjusted EBITDA, see “Non-IFRS measures: adjusted net profit and adjusted EBITDA” in this section for details.
- (3) Debt to adjusted EBITDA as at 31 December 2016, 2017 and 2018 and 30 April 2019 was calculated based on total debt (sum of total bank borrowings and lease liabilities) as at the respective dates divided by adjusted EBITDA for the respective years/period. For the formula of the adjusted EBITDA, see “Non-IFRS measures: adjusted net profit and adjusted EBITDA” in this section for details.

Adjusted net profit margin

Our adjusted net profit margin remained relatively stable at 3.4%, 3.7% and 3.2% for FY2016, FY2017 and FY2018, respectively. Our adjusted net profit margin for 4M2019 was 1.7% because (i) we sold more products to customers with lower gross profit margin and (ii) the finance cost of US\$1.1 million.

Adjusted EBITDA margin

Our adjusted EBITDA margin was 7.5%, 9.9%, 8.1% and 6.7% for FY2016, FY2017, FY2018 and 4M2019, respectively. The relatively stable adjusted EBITDA margin during Track Record Period demonstrated our Group was able to maintain a stable level of operating expenses in relation to the increase in revenue.

Debt to adjusted EBITDA

Our debt to adjusted EBITDA was 3.3, 2.1, 3.1 and 3.8 as at 31 December 2016, 2017 and 2018 and 30 April 2019, respectively. The relatively stable debt to adjusted EBITDA ratio during the Track Record Period demonstrated our Group was able to monitor our leverage and maintain a stable liquidity position.

LISTING EXPENSES

Our listing expenses mainly comprise professional fees paid to the Sole Sponsor, Sole Global Coordinator, legal advisers, the reporting accountant, among others, for their services rendered in relation to the Listing and the Global Offering. Based on the mid-point of the proposed Offer Price range, the total expenses for the Listing are estimated to be US\$3.8 million, of which (i) US\$1.1 million is directly attributable to the issue of new Shares to the public and will be accounted for as deduction from equity; and (ii) US\$2.7 million will be charged to profit and loss of our Group for FY2019. For the nine months ended 30 September 2019, US\$2.7 million of Listing expenses was incurred.

UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

See “Unaudited Pro Forma Financial Information” in Appendix II to this prospectus for our unaudited pro forma adjusted consolidated net tangible assets.

FINANCIAL INFORMATION

DISTRIBUTABLE RESERVES

Our reserves available for distribution to Shareholders mainly include share premium and retained profits of the Company. As at 31 December 2016, 2017 and 2018 and 30 April 2019, the aggregated amount of share premium of our Company were US\$10.5 million, US\$9.2 million, US\$4.0 million and US\$4.0 million, respectively. See Note 29 to the Accountant's Report in Appendix I to this prospectus for details.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that there have not been any material adverse changes in our financial or trading position or prospects subsequent to the Track Record Period and up to the date of this prospectus. As far as we are aware, there was no material change in the general market conditions that had affected or would affect our business operations or financial conditions materially and adversely.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

Our Directors confirm that as at the Latest Practicable Date, there were no circumstances that would give rise to the disclosure requirements under Rules 13.13 to 13.19 of the Hong Kong Listing Rules.

FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS

See “Business — Our Business Strategies” for a detailed description of our future plans.

USE OF PROCEEDS

We estimate that we will receive net proceeds from the Global Offering, after deducting the underwriting fees and expenses payable by us in the Global Offering, of approximately HK\$106.54 million (equivalent to approximately US\$13.57 million) (assuming an Offer Price of HK\$1.26 per Share, being the mid-point of the indicative Offer Price range), assuming no exercise of the Over-allotment Option. We will not receive any of the proceeds from the sale of the Sale Shares pursuant to the Global Offering.

We currently intend to apply these net proceeds in the following manner:

- approximately HK\$19.10 million (equivalent to US\$2.43 million) or 17.92% of our total estimated net proceeds for research and development as well as other efforts to develop (i) our core products for OTT segment, including developing new features and product capabilities in OTT devices, and work on technology integration of remote control and advanced user interface; and (ii) our extended product lines in smart home products, such as wireless enabled smart home security devices, controllers and hubs in which similar connectivity and two-way communication technologies and software programming as our existing products are embedded. Additional R&D staff responsible for product development and innovation in OTT products as well as R&D staff for researching and development smart home security products are to be hired;
- approximately HK\$30.80 million (equivalent to US\$3.92 million) or 28.91% of our total estimated net proceeds for pursuing strategic investments in or acquisition of companies or businesses primarily in the fields of the design or development of OTT system and/or smart home security products by 2021;
- approximately HK\$18.48 million (equivalent to US\$2.35 million) or 17.35% of our total estimated net proceeds for expanding our professional sales force for a period of four years to support our business expansion, including hiring senior sales personnel for OTT and smart home security segments, sales personnel at management level for business planning and development in our target markets, and account managers for our extended product lines in smart home security;
- approximately HK\$8.80 million (equivalent to US\$1.12 million) or 8.26% of our total estimated net proceeds for extending our supply chain footprint beyond the PRC and strengthening our supply chain management and investment, including providing support to our manufacturing partners to facilitate the set up of production lines, and to provide necessary support to our suppliers in Cambodia;

FUTURE PLANS AND USE OF PROCEEDS

- approximately HK\$21.12 million (equivalent to US\$2.69 million) or 19.82% of our total estimated net proceeds for repayment (the “**Loan Repayment**”) of our bank borrowings under a US\$76 million facility agreement dated 12 December 2018 at an interest rate which is the aggregate of LIBOR and 3% per annum pursuant to which US\$45 million were drawn-down and utilised to repay previous banking facilities and will be fully repaid by 2023; and
- approximately HK\$8.25 million (equivalent to US\$1.05 million) or 7.74% of our total estimated net proceeds for our Group’s working capital and general corporate purposes.

If the Offer Price is fixed at HK\$1.49 per Offer Share, being the higher end of the indicative Offer Price range, the net proceeds will be increased to approximately HK\$126.1 million. If the Offer Price is fixed at HK\$1.02 per Offer Share, being the lower end of the indicative Offer Price range, the net proceeds will be reduced to approximately HK\$86.2 million. Under such circumstances, we intend to increase or decrease, respectively, the net proceeds from the Global Offering to be used for the above purposes (except for the amount of the net proceeds allocated for the Loan Repayment will remain unchanged), on a pro-rata basis.

The additional net proceeds that we would receive if the Over-allotment Option is exercised, which is currently estimated to be approximately HK\$13.0 million, HK\$16.0 million and HK\$19.0 million (assuming the lowest, middle and highest points of the indicative Offer Price range, respectively), will be used for the above purposes (except for the amount of the net proceeds allocated for the Loan Repayment will remain unchanged) on a pro-rata basis.

If any part of our development plan does not proceed as planned for reasons such as changes in government policies that would render the development of any of our projects not commercially viable, or the occurrence of force majeure events, our Directors will carefully evaluate the situation and may reallocate proceeds to other uses.

To the extent that the net proceeds of the Global Offering are not immediately used for the purposes described above, they will be placed in short-term demand deposits with licensed banks or financial institutions.

REASONS FOR THE LISTING

Our Directors are of the view that the Listing and the Global Offering is beneficial to our Group and our Shareholders as a whole for the following reasons:

- **Funding needs for implementation of our strategies to increase sales and capture potential market growth:** We principally serve customers of MSO, TV and OTT devices brands which are operating in a vibrant subscription broadcasting and TV streaming industry. The size of MSO market is large. According to Frost & Sullivan, in 2018, MSO market across the world and in North America in terms of revenue amounted to US\$174.8 billion and US\$88.4 billion, respectively. On the one hand, OTT market is fast-growing. Revenue generated under the global OTT market has risen significantly from US\$24.6 billion in 2013 to US\$68.7 billion in 2018,

FUTURE PLANS AND USE OF PROCEEDS

representing a CAGR of 22.8%. We provide home control solutions for players in both MSO and OTT markets. Benefited by the development of our downstream industry, according to the F&S Report, during 2013 to 2018, the total revenue of home control solution market (including remote control for MSO, TV and OTT devices brand customers) increased from US\$925.4 million in 2013 to US\$1,816.4 million in 2018, representing a CAGR of 14.4%, and the home control solution market is expected to be supported by the rising demand of OTT services and will reach US\$3,728.8 million by 2023, representing a CAGR of 15.1% from 2019 to 2023. Therefore, leveraging our competitive strengths, we are well-placed to continue to capture business opportunities and grow our business.

On the other hand, competition in home control solution industry is keen. According to the F&S Report, there were more than 200 providers in the home control solution industry in the world in 2018. Among these market players, we ranked second in terms of revenue with the market share of 9.6% in 2018. Given the competitive landscape of our industry, it is important for us to continue to identify growth drivers, increase competitiveness of our solutions and products, optimise our cost structure, and enlarge our customer base, in order to maintain our leading market position.

To achieve this, we have formulated various business strategies including continuing to expand our sales and market shares, especially in the OTT segment, extending our offering by providing integrated smart home security solutions, extending our product lines and driving our growth through pursuing strategic investments in or acquisition of companies or businesses, and extending our supply chain footprint beyond the PRC. The net proceeds from the Global Offering would provide us with additional financial resources to support the implementation of such business strategies.

To this end, we intend to apply an aggregate amount of US\$1.22 million, US\$4.52 million and US\$1.35 million, respectively, from the net proceeds from the Global Offering for the financial year ending 31 December 2020, 2021 and 2022 for the implementation of our business strategies. For details, See “Business — Our Competitive Strengths”. We have historically financed our business operations primarily through internally generated funds. We are required to maintain a sufficient level of working capital to pay to our employees timely and also fulfil our obligation to pay suppliers according to the credit terms granted by them. We also need to maintain a sufficient level of working capital to fund our organic growth on top of our daily operation expenses including but not limited to purchase of components and payment to our manufacturing partners. We target a safe general working capital level of not less than US\$12 million to support our daily operation. As at 31 August 2019, cash and cash equivalent balance of our Group were approximately US\$19.5 million.

We also need to reserve capital to meet our repayment obligation of our bank borrowing when it falls due. As at 30 April 2019, our borrowings amounted to approximately US\$45 million, among which US\$15 million will fall due for FY2019.

FUTURE PLANS AND USE OF PROCEEDS

Further, as more particularly disclosed in “Business — Our Business Strategies”, the design and development process of electronic products involves cross-discipline cooperation and the application of different technologies. Such process requires personnel with high level of technical expertise and experience, and it would take time for us to build in-house technical capabilities in the relevant areas or to build a customer base or where the entry barrier is relatively high. Thus, to minimise our risk and to quickly build our presence, depending on the amount of capital required and subject to market condition, we plan to invest in or acquire suitable entity which we believe could facilitate our business strategies at a reasonable cost. Subject to our then cash and financial position, we currently plan to acquire or invest in suitable companies or businesses with an annual turnover of up to US\$100 million, and plan to finance the consideration partly by our internal resources and/or bank borrowing and partly by 28.91% of our total estimated net proceeds. Accordingly, we would need to reserve financial resources for any merger and acquisition opportunities when they arise.

In light of the above, we consider it necessary to carefully manage our available financial resources and to maintain our sufficient liquidity position to support the working capital requirement of our present scale of our business, to meet our repayment obligation, to support our expansion plan and to prepare for any investment or merger and acquisition opportunity. There are imminent funding needs for the above purposes and any dividend distribution, as appropriate.

- **Attractive source of financing:** As at 30 April 2019, our borrowings amounted to approximately US\$45 million, among which US\$15 million were repayable within one year. During the Track Record Period, our finance costs amounted to US\$0.3 million, US\$2.4 million, US\$4.1 million and US\$1.1 million, respectively. Our existing level of external borrowing and the associated financial cost would continue to impose cash flow burden on us. Financing our expansion plans solely through debt financing would further reduce our Group’s liquidity and increase our Group’s exposure to finance cost, thereby limiting our future fund raising ability through bank borrowing to finance our operation and business expansion. Further, we are subject to restrictive covenants such as collateral requirement, cash deposit requirement, maintenance of certain levels of financial ratios and restrictions on the use of the loan proceeds, which in turn, would limit the amount of funds that we are able to apply for our expansion plans and may restrict our future business activities.

It is our policy to maintain a healthy cash position and a diversified source of financial resources to maximise our liquidity. The net proceeds from the Global Offering would provide us with the necessary and available funding to repay part of our banking borrowing, reduce the associated financial cost and support our future business expansion without materially jeopardising our cash position. In light of the above, together with our funding needs as elaborated above, we are of the view that, instead of relying solely on debt financing, equity financing by way of Listing presents an attractive and most appropriate option to us at this juncture and that pursuing the same is in the interest of our Company and its Shareholders as a whole. With our listing status, we will be able to leverage a combination of our internal resources, external borrowings and equity fund raising to finance our daily operation and future business expansion as appropriate.

FUTURE PLANS AND USE OF PROCEEDS

- **Enhancing our Group's corporate status:** By way of the Listing, we can (i) elevate and enhance our corporate image; (ii) benefit through the profile of the public listing status; and (iii) enhance our operational efficiency and corporate governance practices, which, in turn, provides reassurance and higher confidence to our customers and suppliers.
- **Broadening shareholder base and enhancing liquidity of the Shares:** The high liquidity stock market in Hong Kong will enable us to broaden our capital base and shareholder base as retail investors and institutional funds will be able to participate in the equity of our Company where the true value of our Group can be reflected.
- **Recruitment of experienced personnel:** We believe that the Listing is considered to be one of the primary channels through which our employees would be able to share our success and achievement and be committed to the performance and continual success of our Group. We rely on our professional engineers as well as highly technical staff to support our business development. Human resources and talents are vital to our further growth. Our Directors believe that our listing status would enhance our reputation and could help attract, recruit and retain experienced personnel and skilled professionals. As a listed company, our Company will have more remuneration options to incentivise our valued staff such as granting share options and Shares. These will help enhance the morale of the Group.

Given our presence in Singapore and the PRC, we have considered and evaluated different listing venues including Hong Kong and Singapore and have concluded that Hong Kong is the suitable venue to pursue a listing after taking into account the following factors:

- **High level of internationalisation and mature market:** Hong Kong is uniquely positioned as the key gateway between the PRC and the international markets. Our Directors consider that the Hong Kong stock market has diversified types of business listing, strong ability of fundraising and a wide range of investor base. Therefore, we believe that listed companies in Hong Kong generally have a high liquidity, greater exposure to broad research coverage and investment community. The level of internationalisation and maturity of the Stock Exchange in the context of regulatory framework, free flow of capital, clearing and settlement infrastructure and financial services are well recognised by stakeholders worldwide, in particular stakeholders in the PRC, and international standing of the Stock Exchange match our corporate identity as a global leading home control solution provider.
- **Reinforcement of our corporate profile and image:** Currently, our Group has two PRC established subsidiaries which undertake, among other functions, research and development and supply chain management in the PRC. Our Group has several customers and manufacturing partners in the PRC which we believe will continue to play a significant role in our Group's future business. Our listing status on the Stock Exchange will strengthen our ties to these stakeholders. Listing status in Hong Kong will provide our Group with the opportunity to further reinforce our corporate profile, brand awareness and market reputation in the international markets, in particular the PRC and Hong Kong markets given our nexus with the PRC and Hong Kong.

FUTURE PLANS AND USE OF PROCEEDS

- **High level of trading activities in Hong Kong:** According to Frost & Sullivan, the average daily turnover of securities in Hong Kong was HK\$107.4 billion (equivalent to S\$1.83 billion) in 2018. By comparison, the average daily turnover of securities in Singapore was S\$1.22 billion in 2018. As such, given that the Hong Kong market has a higher level of trading activities and higher liquidity, it would be easier for our Company to conduct secondary fundraising, such as a secondary placement of shares, in the Hong Kong stock market, if necessary, for our further expansion in future.

Having considered the above, our Directors decided to apply for a listing in Hong Kong instead of in Singapore. Our Directors believe that, given the international, blue-chip background and reputable status of our customers, investors would be attracted to invest in our Group by our customer profile; complete and seamless home control solutions; our strong R&D capability; and our experienced and visionary management team.

UNDERWRITING

HONG KONG UNDERWRITERS

Sole Global Coordinator, Joint Bookrunner and Joint Lead Manager
Mason Securities Limited

Joint Bookrunners and Joint Lead Managers
Yuanta Securities (Hong Kong) Company Limited
SPDB International Capital Limited
Fortune (HK) Securities Limited
Shanxi Securities International Limited
Alpha Financial Group Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offering

Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, our Company is offering initially 12,500,000 Hong Kong Offer Shares (subject to adjustment) for subscription by way of the Hong Kong Public Offering at the Offer Price on and subject to the terms and conditions of this prospectus and the Application Forms.

Subject to the Listing Committee granting the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering (including any additional Shares which may be issued pursuant to the exercise of the Over-allotment Option) as mentioned herein and to certain other conditions set out in the Hong Kong Underwriting Agreement, the Hong Kong Underwriters have severally agreed to subscribe or procure subscriptions for their respective applicable proportions of the Hong Kong Offer Shares now being offered but which are not taken up under the Hong Kong Public Offering on the terms and conditions of this prospectus, the Application Forms and the Hong Kong Underwriting Agreement.

The Hong Kong Underwriting Agreement is conditional on and subject to, among other things, the International Underwriting Agreement having been signed and becoming unconditional.

Grounds for Termination

The obligations of the Hong Kong Underwriters to subscribe or procure subscribers for the Hong Kong Offer Shares under the Hong Kong Underwriting Agreement are subject to termination if, at any time before 8:00 a.m. on the Listing Date:

- (a) there develops, occurs, exists or comes into force:
 - (i) any national or international event or series of events in the nature of force majeure (including, without limitation, any acts of government, declaration of a national or international emergency or war, calamity, crisis, epidemic, pandemic, outbreak of disease, economic sanctions, strikes, lock-outs, fire, explosion, flooding, earthquake, volcanic eruption, civil commotion, riots, public disorder, acts of war, outbreak or escalation of hostilities (whether or not war is declared), acts of God or acts of terrorism (whether or not responsibility has been claimed)) in or affecting Hong Kong, the PRC, the European Union (or any member thereof), Singapore, or the United States, (the “**Specific Jurisdictions**”); or

UNDERWRITING

- (ii) any change or development involving a prospective change, or any event or circumstance or series of events or circumstances likely to result in any change or development involving a prospective change, in any national or international, financial, economic, political, military, industrial, fiscal, legal regulatory, currency, creditor market conditions (including, without limitation, conditions in the stock and bond markets, money and foreign exchange markets, the interbank markets and credit markets) in or affecting Hong Kong, the PRC, the European Union as a whole, Singapore, the United States, or any other jurisdiction in which to any member of the Group has a material business; or
- (iii) any moratorium, suspension or restriction on trading in securities generally (including, without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) on the Stock Exchange, the New York Stock Exchange, the London Stock Exchange, the NASDAQ Global Market, the Shanghai Stock Exchange, the Shenzhen Stock Exchange and the Tokyo Stock Exchange; or
- (iv) any new law(s), or any change or development involving a prospective change in existing laws and regulations, or any event or circumstance or series of events or circumstances likely to result in any change or development involving a prospective change in the interpretation or application thereof by any court or other competent authority, in each case, in or affecting the Specific Jurisdictions; or
- (v) any general moratorium on commercial banking activities, or any disruption in commercial banking activities, foreign exchange trading or securities settlement or clearance services or procedures or matters, in or affecting any Specific Jurisdictions; or
- (vi) the imposition of economic sanctions, in whatever form, directly or indirectly, by or for any of the Specific Jurisdictions; or
- (vii) a change or development involving a prospective change in or affecting taxation or exchange control (or the implementation of any exchange control), currency exchange rates or foreign investment laws (including, without limitation, any change in the system under which the value of the Hong Kong currency is linked to that of the currency of the United States or a material fluctuation in the exchange rate of the Hong Kong dollar or the Renminbi against any foreign currency) in or affecting any of the Specific Jurisdictions or affecting an investment in the Shares; or
- (viii) any change or development involving a prospective change, or a materialization of, any of the risks set out in the section headed "Risk Factors" in this prospectus; or
- (ix) any litigation or claim of any third party being threatened or instigated against our Group; or

UNDERWRITING

- (x) the executive Director of our Company as set out in the “Directors, and Senior Management” section of this prospectus being charged with an indictable offence or prohibited by operation of law or otherwise disqualified from taking part in the management of a company; or
- (xi) any executive Directors or chief executive officer of our Company vacating his or her office; or
- (xii) the commencement by any governmental or, regulatory body or organisation of any action against a Director in his or her capacity as such or an announcement by any governmental, regulatory body or organisation that it intends to take any such action; or
- (xiii) a contravention by any member of our Group or any Director of the Listing Rules, the Companies Ordinance or any other laws and regulations applicable to the Global Offering; or
- (xiv) a prohibition on our Company for whatever reason from allotting, issuing or selling the Offer Shares and/or the Over-allotment Shares pursuant to the terms of the Global Offering; or
- (xv) non-compliance of this prospectus and the other relevant documents or any aspect of the Global Offering with the Hong Kong Listing Rules or any other laws and regulations applicable to the Global Offering unless a waiver or an exemption has been granted by the Stock Exchange and/or the SFC; or
- (xvi) the issue or requirement to issue by our Company of a supplement or amendment to this prospectus and/or any other documents in connection with the Global Offering pursuant to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Listing Rules or any requirement or request of the Stock Exchange and/or the SFC;
- (xvii) any loss or damage has been sustained by any number of our Group (howsoever caused and whether or not the subject of any insurance or claim against any person) which is considered by the Sole Global Coordinator (for themselves and on behalf of the other Underwriter(s)) in their sole absolute opinion to be material;

which in each such case individually or in the aggregate, in the sole and absolute opinion of the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters),

- (A) has or is or will or may or could reasonably be expected to have an material adverse effect on the assets, liabilities, business, general affairs, management, shareholders’ equity, profits, losses, results of operation, financial, trading or other condition or prospects or risks of the Company or the Group (taken as a whole); or

UNDERWRITING

- (B) has or will or may have or could be expected to have a material adverse effect on the success, marketability or pricing of the Global Offering or the level of applications under the Hong Kong Public Offering or the level of interest under the International Offering; or
 - (C) makes or will make or is reasonably likely to make it inadvisable, inexpedient or impracticable for any part of the Hong Kong Underwriting Agreement or the Global Offering to be performed or implemented or proceeded with as envisaged or to market the Global Offering or shall otherwise result in an interruption to or delay thereof; or
 - (D) has or will or may have the effect of making any part of the Hong Kong Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or which prevents the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof.
- (b) there has come to the notice of the Sole Global Coordinator:
- (i) that any statement contained in any of this prospectus, the Application Forms and the Formal Notice, and/or any notices, announcements, advertisements, communications or other documents authorised by us and issued or used by or on behalf of us in connection with the Global Offering (including any supplement or amendments thereto) (collectively, the “**Relevant Documents**”), was, when it was issued, or has become, untrue, incorrect, misleading or deceptive in any material respect or that any forecast, expression of opinion, intention or expectation expressed in any of the Hong Kong Public Offering Documents is not fair and honest and based on reasonable assumptions, when taken as a whole; or
 - (ii) that any matter has arisen or has been discovered which would or might, had it arisen or been discovered immediately before the respective dates of the publication of the Relevant Documents, constitute a material omission therefrom; or
 - (iii) material breach of the obligations imposed or to be imposed upon any party to the Hong Kong Underwriting Agreement or the International Underwriting Agreement (other than by the Sole Sponsor, the Sole Global Coordinator, the Sole Lead Manager, the Hong Kong Underwriters and the International Underwriters); or
 - (iv) any event, act or omission which gives or is likely to give rise to any liability of our Company pursuant to the indemnities given by our Company under the Hong Kong Underwriting Agreement or under the International Underwriting Agreement which liability has a material adverse effect; or

UNDERWRITING

- (v) any material adverse change or any change or development involving a prospective material adverse change in the assets, liabilities, general affairs, management, business prospects, shareholders' equity, profits, losses, results of operations, position or conditions (financial, trading or otherwise) or performance of any member of our Group taken as a whole; or
- (vi) any material breach of, or any event or circumstance rendering untrue or incorrect in any respect, any of the representations, warranties given under the Hong Kong Underwriting Agreement or the International Underwriting Agreement (other than by the Sole Sponsor, the Sole Global Coordinator, the Sole Lead Manager, the Hong Kong Underwriters and the International Underwriters); or
- (vii) the approval by the Listing Committee of the listing of, and permission to deal in, the Shares (including any additional Shares that may be issued upon the exercise of the Over-allotment Option) is refused or not granted, or is qualified (other than subject to customary conditions), on or before the Listing Date, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld; or
- (viii) our Company has withdrawn the Relevant Documents or the Global Offering; or
- (ix) any expert named in this prospectus (other than the Sole Sponsor) has withdrawn or sought to withdraw its consent to being named in any of the Relevant Documents or to the issue of any of the Relevant Documents; or
- (x) that a petition or an order is presented for the winding-up or liquidation of any member of our Group or any member of our Group makes any composition or arrangement with its creditors or enters into a scheme of arrangement or any resolution is passed for the winding-up of any member of our Group or a provisional liquidator, receiver or manager is appointed to take over all or part of the assets or undertaking of any member of our Group or anything analogous thereto occurs in respect of any member of our Group; or
- (xi) an authority or organisation in any relevant jurisdiction has commenced any investigation or other action, or announced an intention to investigate or take other action, against any members of the Group or any of the Directors of the Company; or
- (xii) a significant portion of the orders in the book building process at the time of the International Underwriting Agreement is entered into, have been withdrawn, terminated or cancelled; or

UNDERWRITING

- (xiii) a governmental or regulatory prohibition on the Company for whatever reason from allotting or selling Shares (including for itself or on behalf of the Selling Shareholder and the Shares offered under the Over-allotment Option) pursuant to the terms of the Global Offering.

UNDERTAKINGS TO THE STOCK EXCHANGE UNDER THE LISTING RULES

By us

Under Rule 10.08 of the Listing Rules, we have undertaken to the Stock Exchange that we will not issue any further Shares or securities convertible into our equity securities (whether or not of a class already listed) or enter into any agreement to such issue within six months from the Listing Date (whether or not such issue of Shares or our securities will be completed within six months from the commencement of dealing), except pursuant to the Global Offering or for the circumstances provided under Rule 10.08 of the Listing Rules.

By the Controlling Shareholders

Pursuant to Rule 10.07(1) of the Listing Rules, each of our Controlling Shareholders has undertaken to the Stock Exchange that it shall not:

- (i) in the period commencing on the date by reference to which disclosure of its shareholding in our Company is made in this prospectus and ending on the date which is six months from the Listing Date (the “**First Six-Month Period**”), dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of those Shares in respect of which it is shown by this prospectus to be the beneficial owners; and
- (ii) in the period of six months commencing on the date on which the First Six-Month Period expires (the “**Second Six-Month Period**”), dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of those Shares referred to in paragraph (i) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, it would cease to be a controlling shareholder (as defined in the Listing Rules) of our Company.

Each of the Controlling Shareholders has also undertaken to the Stock Exchange that, within the period commencing on the date by reference to which disclosure of its shareholding in our Company is made in this prospectus and ending on the expiry of the Second Six-Month Period date, it will:

- (a) when it pledges or charges any Shares beneficially owned by it in favour of an authorised institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) pursuant to Note 3 to Rule 10.07(2) of the Listing Rules, immediately inform us of such pledge or charge together with the number of Shares so pledged or charged; and

UNDERWRITING

- (b) when it receives indications, either verbal or written, from the pledgee or chargee that any of the pledged or charged Shares will be disposed of, immediately inform us of such indications.

Our Company shall also inform the Stock Exchange in writing as soon as it has been informed of the above matters (if any) by any of the Controlling Shareholders and disclose such matters by way of a public announcement to be published in accordance with the Listing Rules as soon as possible.

UNDERTAKINGS UNDER THE HONG KONG UNDERWRITING AGREEMENT

Undertaking by our Company

We have, pursuant to the Hong Kong Underwriting Agreement, undertaken to each of the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters that, except pursuant to the Global Offering (including pursuant to the Over-allotment Option) during the First Six-Month Period, our Company will not without the prior written consent of the Sole Sponsor and the Sole Global Coordinator (for themselves and on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules:

- (a) offer, accept subscription for, pledge, charge, allot, issue, sell, lend, mortgage, assign, contract to allot, issue or sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, make any short sale, lend, mortgage, assign or otherwise transfer or dispose of, either directly or indirectly, conditionally or unconditionally or repurchase, any of its share capital or any equity securities or any interest therein (including but not limited to any securities convertible into or exercisable or exchangeable for or that represent the right to receive such share capital or equity securities or any interest therein); or
- (b) enter into any swap, derivative, lending, repurchase and mortgage or other arrangement that or transfers to another, in whole or in part, any of the economic consequences of ownership of such share capital or equity securities; or
- (c) enter into any transaction with the same economic effect as any transaction specified above; or
- (d) agree or contract to, or publicly announce any intention to enter into, any transaction specified above,

in each case, whether any of the transactions above is to be settled by delivery of Shares or other securities of our Company, or in cash or otherwise (whether or not the issue of such Shares or other shares or securities will be completed within the First Six-Month Period). In the event that, during the Second Six-Month Period, our Company enters into any of the transactions

UNDERWRITING

specified above or offers to or agrees to or announces any intention to effect any such transaction, our Company shall take all reasonable steps to ensure that it will not create a disorderly or false market in any Shares or other securities of our Company;

Indemnity

We and the Selling Shareholder have agreed to provide certain warranties and to indemnify the Hong Kong Underwriters for certain losses which they may suffer, including losses arising from their performance of their obligations under the Hong Kong Underwriting Agreement and any breach by us of the Hong Kong Underwriting Agreement.

International Offering

In connection with the International Offering, we, and the Selling Shareholder, expect to enter into the International Underwriting Agreement with the International Underwriters. Under the International Underwriting Agreement, the International Underwriters, subject to certain conditions, will agree severally and not jointly to procure purchasers for, or themselves purchase, their respective proportions of the International Offer Shares being offered under the International Offering.

Under the International Underwriting Agreement, we and the Selling Shareholder expect to grant to the International Underwriters the Over-allotment Option, exercisable by the Stabilising Manager (on behalf of the International Underwriters) at any time from the Listing Date up to (and including) the date which is the 30th day after the last day for lodging applications under the Hong Kong Public Offering, to require us to allot and issue up to of 13,125,000 additional Shares and the Selling Shareholder to sell up to 5,625,000 Shares, representing in aggregate approximately 15% of the number of Offer Shares initially available under the Global Offering. These Shares will be issued and sold at the Offer Price and will be solely for the purpose of covering over-allocations, if any, in the International Offering.

It is expected that the International Underwriting Agreement may be terminated on similar grounds as the Hong Kong Underwriting Agreement. Potential investors shall be reminded that if the International Underwriting Agreement is not entered into, the Global Offering will not proceed.

We and the Selling Shareholder are expected to provide certain warranties and to indemnify the International Underwriters against certain liabilities under the International Underwriting Agreement.

Commissions and expenses

The Hong Kong Underwriters will receive a commission of 3.0% of the aggregate Offer Price payable for the Hong Kong Offer Shares initially offered under the Hong Kong Public Offering, out of which they will pay any sub-underwriting commissions.

The Hong Kong Underwriters may receive an incentive fee of up to 0.5% of the aggregate Offer Price payable for the Hong Kong Offer Shares.

For unsubscribed Hong Kong Offer Shares reallocated to the International Offering, we will pay an underwriting commission at the rate applicable to the International Offering and such commission will be paid to the International Underwriters and not the Hong Kong Underwriters.

UNDERWRITING

The commissions payable to the Underwriters will be borne by our Company in relation to the new Shares to be issued and the Selling Shareholder in relation to the Sale Shares to be offered under the Global Offering.

The aggregate commissions (inclusive of any discretionary incentive fees), together with listing fees, SFC transaction levy and Stock Exchange trading fee in respect of the new Shares offered by us, legal and other professional fees and printing and other expenses relating to the Global Offering, are estimated to be approximately US\$3.8 million (assuming an Offer Price of HK\$1.26, which is the mid-point of the indicative Offer Price range, and that the Over-allotment Option is not exercised) in total and are payable by us. The Selling Shareholder will be responsible for the commissions (inclusive of any discretionary incentive fees), together with listing fees, SFC transaction levy and Stock Exchange trading fee in respect of the Sale Shares in the Global Offering.

Underwriters' interest in our Group

Other than disclosed in the preceding paragraph, the obligations under the Hong Kong Underwriting Agreement and the International Underwriting Agreement and, if applicable, the stock borrowing arrangement that may be entered into between the Stabilising Manager or its agent with our Controlling Shareholders, none of the Underwriters has any shareholding interests in any member of our Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

Sponsor's independence

The Sole Sponsor satisfies the independence criteria applicable to sponsors as set out in Rule 3A.07 of the Listing Rules.

STRUCTURE OF THE GLOBAL OFFERING

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THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering.

The Global Offering consists of (subject to adjustment):

- (a) the Hong Kong Public Offering of 12,500,000 Shares (subject to reallocation as mentioned below) in Hong Kong as described in the paragraph headed “The Hong Kong Public Offering” in this section; and
- (b) the International Offering of 112,500,000 Shares, comprising 75,000,000 new Shares and 37,500,000 Sales Shares, (subject to reallocation as mentioned below and the Over-allotment Option) outside the United States (including to professional, institutional and corporate investors and other investors within Hong Kong) in offshore transactions in reliance on Regulation S as described in the paragraph headed “The International Offering” in this section.

Investors may apply for the Hong Kong Offer Shares under the Hong Kong Public Offering or indicate an interest, if qualified to do so, for the International Offer Shares under the International Offering, but may not do both. The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to professional, institutional and corporate investors and other investors in Hong Kong. The International Offering will involve selective marketing of the International Offer Shares to professional, institutional and corporate investors and other investors expected to have a sizeable demand for the International Offer Shares. The International Underwriters are soliciting from prospective investors’ indications of interest in acquiring the International Offer Shares. Prospective investors will be required to specify the number of International Offer Shares under the International Offering they would be prepared to acquire either at different prices or at a particular price.

The number of Hong Kong Offer Shares and International Offer Shares to be offered under the Hong Kong Public Offering and the International Offering, respectively, may be subject to reallocation as described in the paragraph headed “Pricing and allocation” in this section.

PRICING AND ALLOCATION

The Offer Price is expected to be fixed by agreement between the Sole Global Coordinator (for itself and on behalf of the Underwriters) and us (on behalf of ourselves and the Selling Shareholders) on the Price Determination Date. The Price Determination Date is expected to be on or about Wednesday, 6 November 2019 and, in any event, not later than Tuesday, 12 November 2019. The Offer Price will be not more than HK\$1.49 and is currently expected not to be less than HK\$1.02, unless otherwise announced, as further explained below not later than the morning of the last day for lodging applications under the Hong Kong Public Offering. Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the indicative Offer Price range stated in this prospectus. If, for any reason, the Offer Price is not agreed by Tuesday,

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12 November 2019 between the Sole Global Coordinator (for itself and on behalf of the Underwriters) and us (on behalf of ourselves and the Selling Shareholders), the Global Offering will not proceed and will lapse.

Applicants under the Hong Kong Public Offering are required to pay, on application, the maximum Offer Price of HK\$1.49 per Public Offer Share plus brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%. If the Offer Price, as finally determined on the Price Determination Date, is lower than the maximum Offer Price, we will refund the respective difference (including brokerage, SFC transaction levy and the Stock Exchange trading fee attributable to the surplus application monies) to successful applicants, without interest. Further details are set out in “How to Apply for Hong Kong Offer Shares”.

If, based on the level of interest expressed by prospective professional, institutional and corporate investors and other investors during the book-building process, the Sole Global Coordinator (for itself and on behalf of the Underwriters) consider it appropriate, the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range may be reduced below that stated in this prospectus at any time prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, we will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the last day for lodging applications under the Hong Kong Public Offering, cause to be published on the Stock Exchange’s website at www.hkexnews.hk, and on our Company’s website at www.omniremotest.com notice of the reduction in the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range. Such notice will also include confirmation or revision, as appropriate, of the working capital statement and the offering statistics as currently set out in “Summary” and any other financial information which may change as a result of such reduction.

Before submitting applications for the Hong Kong Offer Shares, applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range may not be made until the day which is the last day for lodging applications under the Hong Kong Public Offering.

If the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range is so reduced, applicants who have already submitted an application may or may not (depending on the information contained in the announcement) be notified that they are required to confirm their applications. All applicants who have already submitted an application need to confirm their applications in accordance with the procedures set out in the announcement and all unconfirmed applications will not be valid. In the absence of any notice being published of a reduction in the number of Offer Shares being offered under the Global Offering stated in this prospectus and the Application Forms, respectively, on or before the last day for lodging applications under the Hong Kong Public Offering, the Offer Price, once agreed upon, will under no circumstances be set outside the indicative Offer Price range as stated in this prospectus.

The Hong Kong Offer Shares and the International Offer Shares may, in certain circumstances, be reallocated as between the Hong Kong Public Offering and International Offering at the discretion of the Sole Global Coordinator.

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Allocation of the International Offer Shares pursuant to the International Offering will be determined by the Sole Global Coordinator and will be based on a number of factors including the level and timing of demand, total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further, and/or hold or sell Offer Shares after the Listing. Such allocation may be made to professional, institutional and corporate investors and other investors and is intended to result in a distribution of our Offer Shares on a basis which would lead to the establishment of a solid shareholder base to the benefit of our Company and our Shareholders as a whole.

Allocation of the Hong Kong Offer Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of Hong Kong Offer Shares validly applied for by applicants. Although the allocation of the Hong Kong Offer Shares could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

The applicable final Offer Price, the level of indications of interest in the International Offering, the level of applications and the basis of allotment of the Hong Kong Offer Shares are expected to be announced on Wednesday, 13 November 2019 through a variety of channels as described in "How to Apply for Hong Kong Offer Shares — 11. Publication of Results".

CONDITIONS OF THE HONG KONG PUBLIC OFFERING

Acceptance of all applications for the Hong Kong Offer Shares pursuant to the Hong Kong Public Offering will be conditional on, inter alia:

- the Listing Committee granting the listing of, and permission to deal in our Shares being offered pursuant to the Global Offering (including any Shares which may be issued pursuant to the exercise of the Over-allotment Option);
- the Offer Price having been duly determined and the execution and delivery of the International Underwriting Agreement on or about the Price Determination Date; and
- the obligations of the Underwriters under the respective Underwriting Agreements becoming and remaining unconditional (including, if relevant, as a result of the waiver of any conditions by the Sole Global Coordinator, for itself and on behalf of the Underwriters) and not having been terminated in accordance with the terms of the respective agreements,

in each case on or before the dates and times specified in the respective Underwriting Agreements (unless and to the extent such conditions are validly waived on or before such dates and times) and in any event not later than the date which is 30 days after the date of this prospectus.

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If the above conditions are not fulfilled or waived prior to the times and dates specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. We will cause a notice of the lapse of the Hong Kong Public Offering to be published by us in the websites of the Stock Exchange at www.hkexnews.hk and us at www.omniremotes.com on the next day following such lapse. In such eventuality, all application monies will be returned, without interest, on the terms set out in “How to Apply for Hong Kong Offer Shares”. In the meantime, the application monies will be held in separate bank account(s) with the receiving bank(s) or other bank(s) in Hong Kong licenced under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) (as amended).

The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon, amongst other things, the other becoming unconditional and not having been terminated in accordance with its terms.

Share certificates for the Offer Shares are expected to be issued on Wednesday, 13 November 2019 but will only become valid certificates of title at 8:00 a.m. on the date of commencement of the dealings in our Shares, which is expected to be on Thursday, 14 November 2019, provided that (i) the Global Offering has become unconditional in all respects; and (ii) neither of the Underwriting Agreements have been terminated in accordance with its terms. Investors who trade Shares prior to the receipt of Share certificates or prior to the Share certificates bearing valid certificates of title do so entirely at their own risk.

THE HONG KONG PUBLIC OFFERING

Number of Shares Initially Offered

Our Company is initially offering 12,500,000 Shares at the Offer Price under the Hong Kong Public Offering, representing 10% of the 125,000,000 Shares initially available under the Global Offering, for subscription by the public in Hong Kong. Subject to adjustment as mentioned below, the number of Shares initially offered under the Hong Kong Public Offering will represent 2.5% of our total issued share capital immediately after completion of the Global Offering (assuming that the Over-allotment Option is not exercised).

In Hong Kong, individual retail investors are expected to apply for the Hong Kong Offer Shares through the Hong Kong Public Offering and individual retail investors, including individual investors in Hong Kong applying through banks and other institutions, seeking International Offer Shares will not be allotted International Offer Shares in the International Offering.

The Sole Global Coordinator (for itself and on behalf of the Underwriters) may require any investor who has been offered Shares under the International Offering, and who has made an application under the Hong Kong Public Offering to provide sufficient information to the Sole Global Coordinator so as to allow it to identify the relevant applications under the Hong Kong Public Offering and to ensure that it is excluded from any application for the Hong Kong Offer Shares.

STRUCTURE OF THE GLOBAL OFFERING

Allocation

Allocation of the Offer Shares to investors under the Global Offering will be based solely on the level of valid applications received under the Global Offering. The basis of allocation may vary, depending on the number of the Hong Kong Offer Shares validly applied for by applicants. Allocation of the Offer Shares could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of the Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

The final Offer Price, the level of indications of interest in the International Offering, level of applications in the Hong Kong Public Offering and the basis of allocation of the Hong Kong Offer Shares are expected to be announced on Wednesday, 13 November 2019 through a variety of channels as described in “How to Apply for Hong Kong Offer Shares — 11. Publication of Results”.

For allocation purposes only, the 12,500,000 Shares initially being offered for subscription under the Hong Kong Public Offering will be divided equally into two pools (subject to adjustment at odd lot size): Pool A comprising 6,250,000 Hong Kong Offer Shares and Pool B comprising 6,250,000 Hong Kong Offer Shares, both of which are available on an equitable basis to successful applicants. All valid applications that have been received for the Hong Kong Offer Shares with a total subscription amount (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee) of HK\$5 million or below will fall into Pool A and all valid applications that have been received for the Hong Kong Offer Shares with a total subscription amount (excluding brokerage, SFC transaction levy and Stock Exchange trading fee) of over HK\$5 million and up to the total value of Pool B, will fall into Pool B.

Applicants should be aware that applications in Pool A and Pool B are likely to receive different allocation ratios. If the Hong Kong Offer Shares in one pool (but not both pools) are under-subscribed, the surplus Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. Applicants can only receive an allocation of the Hong Kong Offer Shares from either Pool A or Pool B but not from both pools and may only apply for Hong Kong Offer Shares in either Pool A or Pool B. When there is over-subscription, allocation of the Hong Kong Offer Shares to investors under the Hong Kong Public Offering, both in relation to Pool A and Pool B, will be based on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation in each pool may vary, depending on the number of the Hong Kong Offer Shares validly applied for by each applicant. Multiple or suspected multiple applications and any application for more than 6,250,000 Hong Kong Offer Shares (i.e. approximately 50% of the 12,500,000 Shares initially comprised in the Hong Kong Public Offering) are liable to be rejected.

Reallocation and Clawback

The allocation of Shares between the Hong Kong Public Offering and the International Offering is subject to reallocation on the following basis:

- (a) Where the International Offer Shares are fully subscribed or oversubscribed:
 - (i) if the Hong Kong Offer Shares are undersubscribed, the Sole Global Coordinator has the authority to reallocate all or any unsubscribed Hong Kong Offer Shares to the International Offering, in such proportions as the Sole Global Coordinator deems appropriate;

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- (ii) if the Hong Kong Offer Shares are not undersubscribed but the number of Offer Shares validly applied for under the Hong Kong Public Offering represents less than 15 times, the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then up to 12,500,000 Offer Shares may be reallocated to the Hong Kong Public Offering from the International Offering, so that the total number of the Offer Shares available under the Hong Kong Public Offering will be increased to 25,000,000 Offer Shares, representing approximately 20% of the number of the Offer Shares initially available under the Global Offering;
 - (iii) if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 15 times or more but less than 50 times, the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then 25,000,000 Shares will be reallocated to the Hong Kong Public Offering from the International Offering, so that the total number of the Offer Shares available under the Hong Kong Public Offering will be increased to 37,500,000 Offer Shares, representing approximately 30% of the number of the Offer Shares initially available under the Global Offering;
 - (iv) if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 50 times or more but less than 100 times, the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then 37,500,000 Shares will be reallocated to the Hong Kong Public Offering from the International Offering, so that the number of the Offer Shares available under the Hong Kong Public Offering will be increased to 50,000,000 Offer Shares, representing approximately 40% of the number of the Offer Shares initially available under the Global Offering; and
 - (v) if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 100 times or more, the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then 50,000,000 Shares will be reallocated to the Hong Kong Public Offering from the International Offering, so that the number of the Offer Shares available under the Hong Kong Public Offering will be increased to 62,500,000 Offer Shares, representing approximately 50% of the number of the Offer Shares initially available under the Global Offering.
- (b) Where the International Offer Shares are undersubscribed:
- (i) if the Hong Kong Offer Shares are undersubscribed, the Global Offering will not proceed unless the Underwriters would subscribe or procure subscribers for their respective applicable proportions of the Offer Shares being offered which are not taken up under the Global Offering on the terms and conditions of this prospectus, the Application Forms and the Underwriting Agreements; and

STRUCTURE OF THE GLOBAL OFFERING

- (ii) if the Hong Kong Offer Shares are oversubscribed, irrespective of the number of times the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, then up to 12,500,000 Offer Shares may be reallocated to the Hong Kong Public Offering from the International Offering, so that the total number of the Offer Shares available under the Hong Kong Public Offering will be increased to 25,000,000 Offer Shares, representing approximately 20% of the number of the Offer Shares initially available under the Global Offering.

In the event of reallocation of Offer Shares between the Hong Kong Public Offering and the International Offering in the circumstances where (A) the International Offer Shares are fully subscribed or oversubscribed and the Hong Kong Offer Shares are oversubscribed by less than 15 times under paragraph (a)(ii) above or (B) the International Offer Shares are undersubscribed and the Hong Kong Offer Shares are fully subscribed or oversubscribed under paragraph (b)(ii) above, the final Offer Price shall be fixed at the low-end of the indicative Offer Price range (i.e. HK\$1.02 per Offer Share) stated in this prospectus.

In addition, the Sole Global Coordinator (for itself and on behalf of the Underwriters) may reallocate the Offer Shares from the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering. In accordance with Guidance Letter HKEX-GL91-18 issued by the Stock Exchange, (a) the International Offering is undersubscribed and the Hong Kong Public Offering is fully subscribed or undersubscribed; or (b) the International Offering is fully subscribed or oversubscribed and the Hong Kong Public Offering is oversubscribed by less than 15 times of the number of the Offer Shares initially available for subscription under the Global Offering, then the Sole Global Coordinator may only reallocate Offer Shares from the International Offering to the Hong Kong Public Offering other than pursuant to Practice Note 18 of the Listing Rules, (i) the maximum total number of Offer Shares that may be reallocated to the Hong Kong Public Offering following such reallocation shall not more than double the initial allocation to the Hong Kong Public Offering (i.e. 25,000,000 Offer Shares), representing not more than 20% of the total Offer Shares; (ii) the final Offer Price shall be fixed at the bottom of the indicative Offer Price range stated in this prospectus.

In the event of a reallocation of Offer Shares from the International Offering to the Hong Kong Public Offering in circumstances under paragraph (a)(ii), (a)(iii), (a)(iv), (a)(v) and (b)(ii) above, the number of Offer Shares allocated to the International Offering will be correspondingly reduced.

References in this prospectus to applications, Application Forms, application monies or to the procedure for application relate solely to the Hong Kong Public Offering.

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THE INTERNATIONAL OFFERING

Number of International Offer Shares Offered

The number of International Offer Shares to be initially offered for subscription under the International Offering will consist of an initial offering of 75,000,000 new Shares and 37,500,000 Sale Shares representing 90% of the Offer Shares under the Global Offering. Subject to any reallocation of the Offer Shares between the International Offering and the Hong Kong Public Offering, the International Offer Shares will represent approximately 90% of our enlarged issued share capital immediately after completion of the Global Offering (assuming that the Over-allotment Option is not exercised). The International Offering is subject to the Hong Kong Public Offering becoming unconditional.

Allocation

Pursuant to the International Offering, the International Offer Shares will be conditionally placed by the International Underwriters. The International Offer Shares will be selectively placed to certain professional and institutional and other investors anticipated to have a sizeable demand for such International Offer Shares in Hong Kong. The International Offering is subject to the Hong Kong Public Offering being unconditional.

Allocation of Offer Shares pursuant to the International Offering will be effected in accordance with the book-building process described in the paragraph headed “Pricing and allocation” in this section and based on a number of factors, including the level and timing of demand, the total size of the relevant investor’s invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further Offer Shares, and/or hold or sell its Offer Shares, after the listing of the Shares on the Stock Exchange. Such allocation is intended to result in a distribution of the Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of our Company and our Shareholders as a whole.

The Sole Global Coordinator may require any investor who has been offered Offer Shares under the International Offering, and who has made an application under the Hong Kong Public Offering, to provide sufficient information to the Sole Global Coordinator so as to allow it to identify the relevant applications under the Hong Kong Public Offering and to ensure that it is excluded from any application of Offer Shares under the Hong Kong Public Offering.

Reallocation

The total number of International Offer Shares to be transferred pursuant to the International Offering may change as a result of the clawback arrangement described in the paragraph headed “The Hong Kong Public Offering — Reallocation and clawback” in this section, exercise of the Over-allotment Option in whole or in part and/or reallocation of all or any unsubscribed Hong Kong Offer Shares to the International Offering.

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Over-allotment Option

In connection with the Global Offering, our Company and the Selling Shareholder are expected to grant the Over-allotment Option to the International Underwriters, exercisable by the Stabilising Manager at its sole and absolute discretion on behalf of the International Underwriters for up to 30 days after the last day for lodging applications under the Hong Kong Public Offering. An announcement will be made in the event that the Over-allotment Option is exercised. Pursuant to the Over-allotment Option, the Sole Global Coordinator will have the right to require our Company to issue up to 13,125,000 new Shares and the Selling Shareholder to sell up to 5,625,000 Shares, representing in aggregate approximately 15% of the total number of the Offer Shares initially available under the Global Offering at the Offer Price to cover, among other things, over-allocations in the International Offering, if any. The Sole Global Coordinator may also cover any over-allocations by purchasing Shares in the secondary market or by a combination of purchases in the secondary market and a partial exercise of the Over-allotment Option. Any such secondary market purchase will be made in compliance with all applicable laws, regulations and rules.

STOCK BORROWING AGREEMENT

In order to facilitate the settlement of over-allocations in connection with the International Offering, the Stabilising Manager or any person acting for it may choose to borrow up to 18,750,000 Shares from NHPEA, under the Stock Borrowing Agreement, or acquire Shares from other sources, including the exercise of the Over-allotment Option. The Stock Borrowing Agreement will comply with the requirements set out in Rule 10.07(3) of the Listing Rules.

STABILISATION

Stabilisation is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilise, the underwriters may bid for, or purchase, the new securities in the secondary market, during a specified period of time, to retard and, if possible, prevent any decline in the market price of the securities below the Offer Price. In Hong Kong and certain other jurisdictions, activity aimed at reducing the market price is prohibited and the price at which stabilisation is effected is not permitted to exceed the Offer Price.

In connection with the Global Offering, the Stabilising Manager, its affiliates or any person acting for it, on behalf of the Underwriters, may, to the extent permitted by applicable laws of Hong Kong or elsewhere, over-allocate or effect short sales or any other stabilising transactions with a view to stabilising or maintaining the market price of the Shares at a level higher than that which might otherwise prevail in the open market for a limited period after the last day for the lodging of applications under the Hong Kong Public Offering. Any market purchases of Shares will be effected in compliance with all applicable laws and regulatory requirements. However, there is no obligation on the Stabilising Manager, its affiliates or any person acting for it to conduct any such stabilising activity, which if commenced, will be done at the sole and absolute discretion of the Stabilising Manager, its affiliates or any person acting for it and may be discontinued at any time. Any such stabilising activity is required to be brought to an end within 30 days of the last day for the lodging of applications under the Hong Kong Public Offering. The number of Shares that may be over-allocated will not exceed the number of Shares that may be issued or sold under the Over-allotment Option, namely 18,750,000 Shares, which is approximately 15% of the Offer Shares initially available under the Global Offering.

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Stabilising action will be entered into in accordance with the laws, regulations and rules in place in Hong Kong on stabilisation and stabilisation action permitted in Hong Kong pursuant to the Securities and Futures (Price Stabilizing) Rules under the SFO includes: (i) over-allocation for the purpose of preventing or minimising any reduction in the market price of the Shares; (ii) selling or agreeing to sell the Shares so as to establish a short position in them for the purpose of preventing or minimising any reduction in the market price of the Shares; (iii) purchasing or subscribing for, or agreeing to purchase or subscribe for, the Shares pursuant to the Over-allotment Option in order to close out any position established under (i) or (ii) above; (iv) purchasing, or agreeing to purchase, any of the Shares for the sole purpose of preventing or minimising any reduction in the market price of the Shares; (v) selling or agreeing to sell any Shares in order to liquidate any position held as a result of those purchases; and (vi) offering or attempting to do anything described in (ii), (iii), (iv) or (v).

Specifically, prospective applicants for and investors in the Offer Shares should note that:

- (a) the Stabilising Manager, or any person acting for it, may, in connection with the stabilising action, maintain a long position in the Shares;
- (b) there is no certainty regarding the extent to which and the time period for which the Stabilising Manager, or any person acting for it, will maintain such a position;
- (c) liquidation of any such long position by the Stabilising Manager may have an adverse impact on the market price of the Shares;
- (d) no stabilising action can be taken to support the price of the Shares for longer than the stabilising period which will begin on the Listing Date following announcement of the Offer Price, and is expected to expire on the 30th day after the last date for lodging applications under the Hong Kong Public Offering. After this date, when no further stabilising action may be taken, demand for the Shares, and therefore the price of the Shares, could fall;
- (e) the price of the Shares cannot be assured to stay at or above the Offer Price either during or after the stabilising period by the taking of any stabilising action; and
- (f) stabilising bids may be made or transactions effected in the course of the stabilising action at any price at or below the Offer Price, which means that stabilising bids may be made or transactions effected at a price below the price paid by applicants for, or investors in, the Shares.

Our Company will procure that a public announcement in compliance with the Securities and Futures (Price Stabilising) Rules will be made within seven days of the expiration of the stabilising period.

In connection with the Global Offering, the Stabilising Manager may over-allocate up to and not more than an aggregate of 18,750,000 Shares and cover such over-allocations by various methods including the exercise of the Over-allotment Option, making purchases in the secondary market at prices that do not exceed the Offer Price or by any combination of these means. In particular, for the purpose of settlement of over-allocations in connection with the

STRUCTURE OF THE GLOBAL OFFERING

International Offering, the Stabilising Manager may borrow up to 18,750,000 Shares from NHPEA, equivalent to the maximum number of Shares to be issued on full exercise of the Over-allotment Option, under the Stock Borrowing Agreement.

NO OVERSEAS REGISTRATION

The documents issued and to be issued in connection with the Global Offering will not be registered under applicable securities legislation of any jurisdiction other than Hong Kong.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Application has been made to the Stock Exchange for the listing of and permission to deal in our Shares in issue and to be issued as mentioned in this prospectus. Subject to the granting of the listing of, and permission to deal in, our Shares on the main board of the Stock Exchange and the compliance with the stock admission requirements of HKSCC, our Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in our Shares on the main board of the Stock Exchange or such other date as determined by HKSCC. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangement has been made for our Shares to be admitted into CCASS.

DEALING ARRANGEMENTS

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Thursday, 14 November 2019, it is expected that dealings in Shares on the Stock Exchange will commence at 9:00 a.m. on Thursday, 14 November 2019.

Our Shares will be traded in board lots of 2,000 Shares each. The stock code of our Shares will be 1747.

UNDERWRITING ARRANGEMENTS

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement, subject to agreement on the Offer Price between the Sole Global Coordinator (for itself and on behalf of the Underwriters) and us (on behalf of ourselves and the Selling Shareholders) on the Price Determination Date.

We expect that our Company will shortly after determination of the Offer Price on the Price Determination Date, enter into the International Underwriting Agreement relating to the International Offering. Underwriting arrangements, the Hong Kong Underwriting Agreement and the International Underwriting Agreement are summarised in “Underwriting”.

HOW TO APPLY FOR HONG KONG OFFER SHARES

1. HOW TO APPLY

To apply for Hong Kong Offer Shares, you may:

- use a **WHITE** or **YELLOW** Application Form;
- apply online via the **HK eIPO White Form** service at www.hkeipo.hk or the IPO App; or
- electronically cause HKSCC Nominees to apply on your behalf.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application.

Our Company, the Sole Global Coordinator, the **HK eIPO White Form** Service Provider and their respective agents may reject or accept any application in full or in part for any reason at their discretion.

2. WHO CAN APPLY

You can apply for Hong Kong Offer Shares on a **WHITE** or **YELLOW** Application Form if you or the person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States, and are not a United States Person (as defined in Regulation S under the U.S. Securities Act); and
- are not a legal or natural person of the PRC (except qualified domestic institutional investors) (unless permitted by the relevant rules and regulations).

If you apply online through the **HK eIPO White Form** service, in addition to the above, you must also:

- have a valid Hong Kong identity card number; and
- provide a valid e-mail address and a contact telephone number.

If you are a firm, the application must be in the individual members' names. If you are a body corporate, the Application Form must be signed by a duly authorised officer, who must state his or her representative capacity, and stamped with your corporation's chop.

If an application is made by a person under a power of attorney, the Sole Global Coordinator may accept or reject your application at their discretion, and on any conditions it thinks fit, including evidence of the attorney's authority.

HOW TO APPLY FOR HONG KONG OFFER SHARES

The number of joint applicants may not exceed four and they may not apply by means of the **HK eIPO White Form** service for the Hong Kong Offer Shares.

Unless permitted by the Listing Rules, you cannot apply for any Hong Kong Offer Shares if you are:

- an existing beneficial owner of Shares in our Company and/or any of our subsidiaries;
- a director or chief executive officer of our Company and/or any of our subsidiaries;
- a connected person or a core connected person (as defined in the Listing Rules) of our Company or will become a connected person or a core connected person of our Company immediately upon completion of the Global Offering;
- an associate and/or a close associate (as defined in the Listing Rules) of any of the above; or
- have been allocated or have applied for or indicated an interest in any International Offer Shares or otherwise participate in the International Offering.

3. APPLYING FOR HONG KONG OFFER SHARES

Which Application Channel to Use

For Hong Kong Offer Shares to be issued in your own name, use a **WHITE** Application Form or apply online through **www.hkeipo.hk** or the IPO App.

For Hong Kong Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account, use a **YELLOW** Application Form or electronically instruct HKSCC via CCASS to cause HKSCC Nominees to apply for you.

HOW TO APPLY FOR HONG KONG OFFER SHARES

Where to Collect the Application Forms

You can collect a **WHITE** Application Form and a prospectus during normal business hours from 9:00 a.m. on Thursday, 31 October 2019 till 12:00 noon on Tuesday, 5 November 2019 from:

- (i) any of the following offices of the Hong Kong Underwriters:

Mason Securities Limited

19/F, Lee Garden Three
1 Sunning Road
Causeway Bay
Hong Kong

Yuanta Securities (Hong Kong) Company Limited

23/F Tower 1 Admiralty Centre,
18 Harcourt Road,
Admiralty,
Hong Kong

SPDB International Capital Limited

Suites 3207-3212, 32/F, One Pacific Place,
88 Queensway,
Hong Kong

Fortune (HK) Securities Limited

43/F Cosco Tower,
183 Queen's Road Central,
Hong Kong

Shanxi Securities International Limited

Unit A 29/F Admiralty Centre Tower 1,
18 Harcourt Road,
Admiralty,
Hong Kong

Alpha Financial Group Limited

Room A, 17/F, Fortune House,
61 Connaught Road Central,
Central,
Hong Kong

HOW TO APPLY FOR HONG KONG OFFER SHARES

(ii) any of the following branches of the receiving bank:

Industrial and Commercial Bank of China (Asia) Limited

District	Branch name	Address
Hong Kong Island	Sheung Wan Branch	Shop F, G/F, Kai Tak Commercial Building, 317-319 Des Voeux Road Central, Sheung Wan, Hong Kong
	Queen's Road Central Branch	Basement, Ground Floor and First Floor of 122 QRC, Nos. 122-126 Queen's Road Central, Hong Kong
	Causeway Bay Branch	Shop A on G/F, 1/F, Hennessy Apartments, 488 & 490 Hennessy Road, Hong Kong
Kowloon	Prince Edward Branch	777 Nathan Road, Mongkok, Kowloon
	Telford Branch	Shop F19, Telford Plaza, Kowloon Bay, Kowloon
New Territories	Sha Tsui Road Branch	Shop 4, G/F Chung On Building, 297-313 Sha Tsui Road, Tsuen Wan, New Territories

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m. on Thursday, 31 October 2019 till 12:00 noon on Tuesday, 5 November 2019 from the Depository Counter of HKSCC at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong or from your stockbroker.

Time for Lodging Application Forms

Your completed **WHITE** or **YELLOW** Application Form, together with a cheque or a banker's cashier order attached and marked payable to "ICBC (ASIA) NOMINEE LIMITED — HOME CONTROL INTERNATIONAL PUBLIC OFFER" for the payment, should be deposited in the special collection boxes provided at any of the branches of the receiving bank listed above, at the following times:

Thursday, 31 October 2019	—	9:00 a.m. to 5:00 p.m.
Friday, 1 November 2019	—	9:00 a.m. to 5:00 p.m.
Saturday, 2 November 2019	—	9:00 a.m. to 1:00 p.m.
Monday, 4 November 2019	—	9:00 a.m. to 5:00 p.m.
Tuesday, 5 November 2019	—	9:00 a.m. to 12:00 noon

HOW TO APPLY FOR HONG KONG OFFER SHARES

The Application Lists will be open from 11:45 a.m. to 12:00 noon on Tuesday, 5 November 2019 or such later time as described in paragraph headed “10. Effect of Bad Weather on the Opening of the Application Lists” in this section.

4. TERMS AND CONDITIONS OF AN APPLICATION

Follow the detailed instructions in the Application Form carefully; otherwise, your application may be rejected.

By submitting an Application Form or applying through the **HK eIPO White Form** service, among other things, you:

- (i) undertake to execute all relevant documents and instruct and authorise the Company and/or the Sole Global Coordinator (or its agents or nominees), as agents of our Company, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association;
- (ii) agree to comply with the Companies Ordinance, the Companies (Winding up and Miscellaneous Provisions) Ordinance and the Articles of Association;
- (iii) confirm that you have read the terms and conditions and application procedures set out in this prospectus and in the Application Form and agree to be bound by them;
- (iv) confirm that you have received and read this prospectus and have only relied on the information and representations contained in this prospectus in making your application and will not rely on any other information or representations except those in any supplement to this prospectus;
- (v) confirm that you are aware of the restrictions on the Global Offering in this prospectus;
- (vi) agree that none of our Company, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Sole Sponsor, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering is or will be liable for any information and representations not in this prospectus (and any supplement to it);
- (vii) undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any International Offer Shares under the International Offering nor participated in the International Offering;
- (viii) agree to disclose to our Company, the Hong Kong Share Registrar, the receiving bank, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Sole Sponsor, the Underwriters and/or their respective advisers and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- (ix) if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all such laws and none of our Company, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Sole Sponsor and the Underwriters nor any of their respective officers or advisers will breach any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus and the Application Form;
- (x) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;
- (xi) agree that your application will be governed by the laws of Hong Kong;
- (xii) represent, warrant and undertake that (i) you understand that the Hong Kong Offer Shares have not been and will not be registered under the U.S. Securities Act; and (ii) you and any person for whose benefit you are applying for the Hong Kong Offer Shares are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;
- (xiii) warrant that the information you have provided is true and accurate;
- (xiv) agree to accept the Hong Kong Offer Shares applied for, or any lesser number allocated to you under the application;
- (xv) authorise our Company to place your name(s) or the name of the HKSCC Nominees, on our Company's share register of members in Hong Kong as the holder(s) of any Hong Kong Offer Shares allocated to you, and our Company and/or its agents to send any Share certificate(s) and/or any e-Auto Refund payment instructions and/or any refund cheque(s) to you or the first-named applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you are eligible to collect the Share certificate(s) and/or refund cheque(s) in person;
- (xvi) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;
- (xvii) understand that our Company, our Directors and the Sole Global Coordinator will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;
- (xviii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the **HK eIPO White Form** Service Provider by you or by any one as your agent or by any other person; and

HOW TO APPLY FOR HONG KONG OFFER SHARES

- (xix) (if you are making the application as an agent for the benefit of another person) warrant that (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC; and (ii) you have due authority to sign the Application Form or give **electronic application instructions** on behalf of that other person as their agent.

Additional Instructions for YELLOW Application Form

You may refer to the **YELLOW** Application Form for details.

5. APPLYING THROUGH HK eIPO WHITE FORM

General

Individuals who meet the criteria in “Who can apply” section, may apply through the **HK eIPO White Form** service for the Hong Kong Offer Shares to be allotted and registered in their own names through the designated website at www.hkeipo.hk or the IPO App.

Detailed instructions for application through the **HK eIPO White Form** service are on the designated website or in the IPO App. If you do not follow the instructions, your application may be rejected and may not be submitted to our Company. If you apply through the designated website at www.hkeipo.hk or the IPO App, you authorise the **HK eIPO White Form** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **HK eIPO White Form** service.

Time for Submitting Applications under the HK eIPO White Form Service

You may submit your application to the **HK eIPO White Form** service provider at www.hkeipo.hk or in the IPO App (24 hours daily, except on the last application day) from 9:00 a.m. on Thursday, 31 October 2019 until 11:30 a.m. on Tuesday, 5 November 2019 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Tuesday, 5 November 2019 or such later time under the paragraph headed “Effect of Bad Weather on the Opening of the Applications Lists” in this section.

No Multiple Applications

If you apply by means of the **HK eIPO White Form** service, once you complete payment in respect of any **electronic application instruction** given by you or for your benefit through the **HK eIPO White Form** service to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an electronic application instruction under **HK eIPO White Form** service

HOW TO APPLY FOR HONG KONG OFFER SHARES

more than once and obtaining different payment reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the **HK eIPO White Form** service or by any other means, all of your applications are liable to be rejected.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each applicant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

6. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

General

CCASS Participants may give **electronic application instructions** to apply for the Hong Kong Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a CCASS Investor Participant, you may give these **electronic application instructions** through the CCASS Phone System by calling 2979 7888 or through the CCASS internet System (<https://ip.ccass.com>) (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time).

HKSCC can also input **electronic application instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited
Customer Service Centre
1/F, One & Two Exchange Square
8 Connaught Place Central
Hong Kong

and complete an input request form.

You can also collect a prospectus from this address.

If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf.

HOW TO APPLY FOR HONG KONG OFFER SHARES

You will be deemed to have authorised HKSCC and/or HKSCC Nominees to transfer the details of your application to our Company, Sole Global Coordinator and the Hong Kong Share Registrar.

Giving Electronic Application Instructions to HKSCC via CCASS

Where you have given **electronic application instructions** to apply for the Hong Kong Offer Shares and a **WHITE** Application Form is signed by HKSCC Nominees on your behalf:

- (i) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;
- (ii) HKSCC Nominees will do the following things on your behalf:
 - agree that the Hong Kong Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;
 - agree to accept the Hong Kong Offer Shares applied for or any lesser number allocated;
 - undertake and confirm that you have not applied for or taken up, will not apply for or take up, or indicate an interest for, any International Offer Shares under the International Offering;
 - (if the **electronic application instructions** are given for your benefit) declare that only one set of **electronic application instructions** has been given for your benefit;
 - (if you are an agent for another person) declare that you have only given one set of **electronic application instructions** for the other person's benefit and are duly authorised to give those instructions as their agent;
 - confirm that you understand that our Company, our Directors and the Sole Global Coordinator will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted if you make a false declaration;
 - authorise our Company to place HKSCC Nominees' name on our Company's share register of members as the holder of the Hong Kong Offer Shares allocated to you and to send Share certificate(s) and/or refund monies under the arrangements separately agreed between us and HKSCC;
 - confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- confirm that you have received and/or read a copy of this prospectus and have relied only on the information and representations in this prospectus in causing the application to be made, save as set out in any supplement to this prospectus;
- agree that none of our Company, the Sole Global Coordinator, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering, is or will be liable for any information and representations not contained in this prospectus (and any supplement to it);
- agree to disclose your personal data to our Company, the Hong Kong Share Registrar, the receiving bank, the Sole Global Coordinator, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and/or its respective advisers and agents;
- agree (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;
- agree that any application made by HKSCC Nominees on your behalf is irrevocable before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with us and to become binding when you give the instructions and such collateral contract to be in consideration of our Company agreeing that it will not offer any Hong Kong Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance gives a public notice under that section which excludes or limits that person's responsibility for this prospectus;
- agree that once HKSCC Nominees' application is accepted, neither that application nor your **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by our Company's announcement of the Hong Kong Public Offering results;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for the giving **electronic application instructions** to apply for Hong Kong Offer Shares;
- agree with our Company, for itself and for the benefit of each Shareholder (and so that our Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of our Shareholders, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Companies Law, the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Articles of Association; and
- agree that your application, any acceptance of it and the resulting contract will be governed by the Laws of Hong Kong.
- agree with the Company, for itself and for the benefit of each shareholder of the Company and each director, supervisor, manager and other senior officer of the Company (and so that the Company will be deemed by its acceptance in whole or in part of this application to have agreed, for itself and on behalf of each shareholder of the Company and each director, supervisor, manager and other senior officer of the Company, with each CCASS Participant giving **electronic application instructions**):
 - (a) to refer all differences and claims arising from the Articles of Association of the Company or any rights or obligations conferred or imposed by the Company Law or other relevant laws and administrative regulations concerning the affairs of the Company to arbitration in accordance with the Articles of Association of the Company;
 - (b) that any award made in such arbitration shall be final and conclusive; and
 - (c) that the arbitration tribunal may conduct hearings in open sessions and publish its award;
- agree with the Company (for the Company itself and for the benefit of each shareholder of the Company) that Shares in the Company are freely transferable by their holders; and
- authorise the Company to enter into a contract on its behalf with each director and officer of the Company whereby each such director and officer undertakes to observe and comply with his obligations to shareholders stipulated in the Articles of Association of the Company.

HOW TO APPLY FOR HONG KONG OFFER SHARES

Effect of Giving Electronic Application Instructions to HKSCC via CCASS

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to our Company or any other person in respect of the things mentioned below:

- instructed and authorised HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Hong Kong Offer Shares on your behalf;
- instructed and authorised HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the maximum Offer Price per Offer Share initially paid on application, refund of the application monies (including brokerage, SFC transaction levy and the Stock Exchange trading fee) by crediting your designated bank account; and
- instructed and authorised HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in the WHITE Application Form and in this prospectus.

Minimum Purchase Amount and Permitted Numbers

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** for a minimum of 2,000 Hong Kong Offer Shares. Instructions for more than 2,000 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Forms. No application for any other number of Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

Time for Inputting Electronic Application Instructions⁽¹⁾

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

Thursday, 31 October 2019	— 9:00 a.m. to 8:30 p.m.
Friday, 1 November 2019	— 8:00 a.m. to 8:30 p.m.
Monday, 4 November 2019	— 8:00 a.m. to 8:30 p.m.
Tuesday, 5 November 2019	— 8:00 a.m. to 12:00 noon

(1): The times in this sub-section are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants.

HOW TO APPLY FOR HONG KONG OFFER SHARES

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Thursday, 31 October 2019 until 12:00 noon on Tuesday, 5 November 2019 (24 hours daily, except on 5 November 2019 the last application day).

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Tuesday, 5 November 2019, the last application day or such later time as described in the paragraph headed “10. Effect of Bad Weather on the Opening of the Application Lists” in this section.

No Multiple Applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Hong Kong Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Hong Kong Offer Shares for which you have given such instructions and/or for which such instructions have been given for your benefit. Any **electronic application instructions** to make an application for the Hong Kong Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

Personal Data

The section of the Application Form headed “Personal Data” applies to any personal data held by our Company, the Hong Kong Share Registrar, the receiving bank, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Sole Sponsor, the Underwriters and any of their respective advisers and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

7. WARNING FOR ELECTRONIC APPLICATIONS

The subscription of the Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Similarly, the application for Hong Kong Offer Shares through the **HK eIPO White Form** service is also only a facility provided by the **HK eIPO White Form** Service Provider to public investors. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last application day in making your electronic applications. Our Company, our Directors, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the **HK eIPO White Form** service will be allotted any Hong Kong Offer Shares.

HOW TO APPLY FOR HONG KONG OFFER SHARES

To ensure that CCASS Investor Participants can give their **electronic application instructions**, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System/CCASS internet System for submission of **electronic application instructions**, they should either (i) submit a **WHITE** or **YELLOW** Application Form; or (ii) go to HKSCC's Customer Service Centre to complete an input request form for **electronic application instructions** before 12:00 noon on Tuesday, 5 November 2019 or such later time under the paragraph headed "10. Effect of Bad Weather on the Opening of the Application Lists" in this section.

8. HOW MANY APPLICATIONS CAN YOU MAKE

Multiple applications for the Hong Kong Offer Shares are not allowed except by nominees. If you are a nominee, in the box on the Application Form marked "For nominees" you must include:

- an account number; or
- some other identification code,

for each beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

All of your applications will be rejected if more than one application on a **WHITE** or **YELLOW** Application Form (whether individually or jointly) or by giving **electronic application instructions** to HKSCC or through the **HK eIPO White Form** service, is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**).

If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company,

then the application will be treated as being for your benefit.

"**Unlisted company**" means a company with no equity securities listed on the Stock Exchange.

"**Statutory control**" means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or

HOW TO APPLY FOR HONG KONG OFFER SHARES

- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

9. HOW MUCH ARE THE HONG KONG OFFER SHARES

The **WHITE** and **YELLOW** Application Forms have tables showing the exact amount payable for Shares.

You must pay the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee in full upon application for Shares under the terms set out in the Application Forms.

You may submit an application using a **WHITE** or **YELLOW** Application Form or through the **HK eIPO White Form** service in respect of a minimum of 2,000 Hong Kong Offer Shares. Each application or electronic application instruction in respect of more than 2,000 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Form, or as otherwise specified on the designated website at www.hkeipo.hk or in the IPO App.

If your application is successful, brokerage will be paid to the Exchange Participants, and the SFC transaction levy and the Stock Exchange trading fee are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC).

For further details on the Offer Price, please refer to “Structure of the Global Offering — Pricing and Allocation”.

10. EFFECT OF BAD WEATHER ON THE OPENING OF THE APPLICATION LISTS

The application lists will not open if:

- a tropical cyclone warning signal number 8 or above;
- Extreme Conditions; or
- a “black” rainstorm warning,

is/are in force in Hong Kong at any time between 9:00 a.m. to 12:00 noon on Tuesday, 5 November 2019. Instead they will open between 11:45 a.m. to 12:00 noon on the next Business Day which does not have either of those warnings in Hong Kong in force at any time between 9:00 a.m. to 12:00 noon.

If the application lists do not open and close on Tuesday, 5 November 2019 or if a tropical cyclone warning signal number 8 or above or Extreme Conditions or a “black” rainstorm warning signal is/are in force in Hong Kong that may affect the dates mentioned in “Expected timetable”, an announcement will be made in such event.

HOW TO APPLY FOR HONG KONG OFFER SHARES

11. PUBLICATION OF RESULTS

Our Company expects to announce the final Offer Price, the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocation of the Hong Kong Offer Shares on Wednesday, 13 November 2019 on our Company's website at www.omniremototes.com and the website of the Stock Exchange at www.hkexnews.hk.

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offering will be available at the times and dates and in the manner specified below:

- in the announcement to be posted on our Company's website at www.omniremototes.com and the Stock Exchange's website at www.hkexnews.hk by no later than 8:00 a.m. on Wednesday, 13 November 2019;
- from the designated results of allocations website at www.tricor.com.hk/ipo/result and www.hkeipo.hk/IPOResult or the "Allotment Result" in the IPO App with a "search by ID" function on a 24-hour basis from 8:00 a.m. on Wednesday, 13 November 2019 to 12:00 midnight on Tuesday, 19 November 2019;
- by telephone enquiry line by calling 3691 8488 between 9:00 a.m. and 6:00 p.m. from Wednesday, 13 November 2019 to Monday, 18 November 2019 on a Business Day;
- in the special allocation results booklets which will be available for inspection during opening hours from Wednesday, 13 November 2019 to Friday, 15 November 2019 at all the receiving bank designated branches.

If our Company accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Hong Kong Offer Shares if the conditions of the Global Offering are satisfied and the Global Offering is not otherwise terminated. Further details are contained in "Structure of the Global Offering".

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

HOW TO APPLY FOR HONG KONG OFFER SHARES

12. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED OFFER SHARES

You should note the following situations in which the Hong Kong Offer Shares will not be allotted to you:

(i) If your application is revoked:

By completing and submitting an Application Form or giving **electronic application instructions** to HKSCC or the **HK eIPO White Form** service, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with our Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before such fifth day if a person responsible for this prospectus under section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance gives a public notice under that section which excludes or limits that person's responsibility for this prospectus.

If any supplement to this prospectus is issued, applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the announcement of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot, respectively.

(ii) If our Company or our agents exercise their discretion to reject your application:

Our Company, the Sole Global Coordinator, the **HK eIPO White Form** Service Provider and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

(iii) If the allotment of Hong Kong Offer Shares is void:

The allotment of Hong Kong Offer Shares will be void if the Listing Committee does not grant permission to list our Shares either:

- within three weeks from the closing date of the application lists; or

HOW TO APPLY FOR HONG KONG OFFER SHARES

- within a longer period of up to six weeks if the Listing Committee notifies our Company of that longer period within three weeks of the closing date of the application lists.

(iv) If:

- you make multiple applications or suspected multiple applications;
- you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Hong Kong Offer Shares and International Offer Shares;
- your Application Form is not completed in accordance with the stated instructions;
- your **electronic application instructions** through the **HK eIPO White Form** service are not completed in accordance with the instructions, terms and conditions on the designated website or in the IPO App;
- your payment is not made correctly or the cheque or banker's cashier order paid by you is dishonoured upon its first presentation;
- the Underwriting Agreements do not become unconditional or are terminated;
- our Company or the Sole Global Coordinator believe that by accepting your application, it or they would violate applicable securities or other laws, regulations or rules; or
- your application is for more than 6,250,000 Hong Kong Offer Shares (i.e. 50% of the Hong Kong Offer Shares initially offered under the Hong Kong Public Offering).

13. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the maximum Offer Price of HK\$1.49 per Offer Share (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee thereon), or if the conditions of the Hong Kong Public Offering are not fulfilled in accordance with "Structure of the Global Offering — Conditions of the Hong Kong Public Offering" or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and the Stock Exchange trading fee, will be refunded, without interest or the cheque or banker's cashier order will not be cleared.

HOW TO APPLY FOR HONG KONG OFFER SHARES

Any refund of your application monies will be made on Wednesday, 13 November 2019.

14. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one share certificate for all Hong Kong Offer Shares allotted to you under the Hong Kong Public Offering (except pursuant to applications made on **YELLOW** Application Forms or by **electronic application instructions** to HKSCC via CCASS where the share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of our Shares. No receipt will be issued for sums paid on application.

If you apply by **WHITE** or **YELLOW** Application Forms, subject to personal collection as mentioned below, the following will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

- share certificate(s) for all the Hong Kong Offer Shares allotted to you (for **YELLOW** Application Forms, share certificates will be deposited into CCASS as described below); and
- refund cheque(s) crossed "Account Payee Only" in favour of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) all or the surplus application monies for the Hong Kong Offer Shares, wholly or partially unsuccessfully applied for; and/or (ii) the difference between the final Offer Price and the maximum Offer Price per Offer Share paid on application in the event that the final Offer Price is less than the maximum Offer Price (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest). Part of the Hong Kong identity card number/passport number, provided by you or the first-named applicant (if you are joint applicants), may be printed on your refund cheque, if any. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque(s). Inaccurate completion of your Hong Kong identity card number/passport number may invalidate or delay encashment of your refund cheque(s).

Subject to arrangement on despatch/collection of Share certificates and refund monies as mentioned below, any refund cheques and Share certificates are expected to be posted on or about Wednesday, 13 November 2019. The right is reserved to retain any Share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker's cashier's order(s).

The Share certificates will only become valid at 8:00 a.m. on Thursday, 14 November 2019 provided that the Global Offering has become unconditional and the right of termination described in "Underwriting" has not been exercised. Investors who trade Shares prior to the receipt of the Share certificates or the Share certificates becoming valid do so at their own risk.

HOW TO APPLY FOR HONG KONG OFFER SHARES

Personal Collection

(i) If you apply using a WHITE Application Form

If you apply for 1,000,000 or more Hong Kong Offer Shares and have provided all information required by your Application Form, you may collect your refund cheque(s) and/or Share certificate(s) from the Hong Kong Share Registrar, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong from 9:00 a.m. to 1:00 p.m. on Wednesday, 13 November 2019 or such other date as notified by us at the websites of the Stock Exchange at www.hkexnews.hk and of our Company at www.omniremotes.com.

If you are an individual who is eligible for personal collection, you must not authorise any other person to collect for you. If you are a corporate applicant which is eligible for personal collection, your authorised representative must bear a letter of authorisation from your corporation stamped with your corporation's chop. Both individuals and authorised representatives must produce, at the time of collection, evidence of identity acceptable to the Hong Kong Share Registrar.

If you do not collect your refund cheque(s) and/or Share certificate(s) personally within the time specified for collection, they will be despatched promptly to the address specified in your Application Form by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your refund cheque(s) and/or Share certificate(s) will be sent to the address on the relevant Application Form on Wednesday, 13 November 2019, by ordinary post and at your own risk.

(ii) If you apply using a YELLOW Application Form

If you apply for 1,000,000 Hong Kong Offer Shares or more, please follow the same instructions as described above for collection of your refunded cheque(s). If you have applied for less than 1,000,000 Hong Kong Offer Shares, your refund cheque(s) will be sent to the address on the relevant Application Form on Wednesday, 13 November 2019, by ordinary post and at your own risk.

If you apply by using a **YELLOW** Application Form and your application is wholly or partially successful, your Share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your or the designated CCASS Participant's stock account as stated in your Application Form on Wednesday, 13 November 2019, or upon contingency, on any other date determined by HKSCC or HKSCC Nominees.

(iii) If you apply through a designated CCASS Participant (other than a CCASS Investor Participant)

For Hong Kong Offer Shares credited to your designated CCASS Participant's stock account (other than CCASS Investor Participant), you can check the number of Hong Kong Offer Shares allotted to you with that CCASS Participant.

HOW TO APPLY FOR HONG KONG OFFER SHARES

- If you are applying as a CCASS Investor Participant

Our Company will publish the results of CCASS Investor Participants' applications together with the results of the Hong Kong Public Offering in the manner described in paragraph "11. Publication of Results" in this section.

You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Wednesday, 13 November 2019 or any other date as determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Hong Kong Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and CCASS internet System.

(iv) If you apply through the HK eIPO White Form service

If you apply for 1,000,000 Hong Kong Offer Shares or more and your application is wholly or partially successful, you may collect your Share certificate(s) from the Hong Kong Share Registrar, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Wednesday, 13 November 2019, or such other date as notified by us on the websites of the Stock Exchange at www.hkexnews.hk and of our Company at www.omniremotes.com as the date of despatch/collection of Share certificates/e-Auto Refund payment instructions/refund cheques.

If you do not collect your share certificate(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your share certificate(s) will be sent to the address specified in your application instructions on Wednesday, 13 November 2019 by ordinary post at your own risk.

If you apply and pay the application monies from a single bank account, any refund monies will be despatched to that bank account in the form of e-Auto Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be despatched to the address as specified in your application instructions in the form of refund cheque(s) by ordinary post at your own risk.

(v) If you apply via Electronic Application Instructions to HKSCC

Allocation of Hong Kong Offer Shares

For the purposes of allocating Hong Kong Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit instructions are given will be treated as an applicant.

HOW TO APPLY FOR HONG KONG OFFER SHARES

Deposit of Share Certificates into CCASS and Refund of Application Monies

- If your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participants' stock account on Wednesday, 13 November 2019, or, on any other date determined by HKSCC or HKSCC Nominees.
- Our Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, our Company will include information relating to the relevant beneficial owner), your Hong Kong identity card number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Hong Kong Public Offering in the manner specified in paragraph "11. Publication of Results" in this section on Wednesday, 13 November 2019. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Wednesday, 13 November 2019 or such other date as determined by HKSCC or HKSCC Nominees.
- If you have instructed your broker or custodian to give **electronic application instructions** on your behalf, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.
- If you have applied as a CCASS Investor Participant, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Wednesday, 13 November 2019. Immediately following the credit of the Hong Kong Offer Shares to your stock account and the credit of refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Hong Kong Offer Shares credited to your CCASS Investor Participants' stock account and the amount of refund monies (if any) credited to your designated bank account.

Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the final Offer Price and the maximum Offer Price per Offer Share initially paid on application including brokerage of 1.0%, SFC transaction levy of 0.0027% and the Stock Exchange trading fee of 0.005%, will be credited to your designated bank account or the designated bank account of your broker or custodian on Wednesday, 13 November 2019. No interest will be paid thereon.

15. ADMISSION OF OUR SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, our Shares and we comply with the stock admission requirements of HKSCC, our Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in our Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the Listing Rules) is required to take place in CCASS on the second Business Day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional advisers for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling our Shares to be admitted into CCASS.

The following is the text of a report received from the Company's reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.



22/F, CITIC Tower
1 Tim Mei Avenue
Central
Hong Kong

The Directors
Home Control International Limited
Mason Global Capital Limited

Dear Sirs,

We report on the historical financial information of Home Control International Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages I-4 to I-78, which comprises the consolidated statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended 31 December 2016, 2017 and 2018 and the four months ended 30 April 2019 (the "Relevant Periods"), and the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2016, 2017 and 2018 and 30 April 2019 and a summary of significant accounting policies and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-4 to I-78 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 31 October 2019 (the "Prospectus") in connection with the initial listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants' Report on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Group and the Company as at 31 December 2016, 2017 and 2018 and 30 April 2019 and of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

Review of interim comparative financial information

We have reviewed the interim comparative financial information of the Group which comprises the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the four months ended 30 April 2018 and other explanatory information (the "Interim Comparative Financial Information"). The directors of the Company are responsible for the preparation of the Interim Comparative Financial Information in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Interim Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Interim Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

The Historical Financial Information is stated after making such adjustments to the Historical Financial Statements as defined on page I-4 as were considered necessary.

Dividends

We refer to note 30 to the Historical Financial Information which contains information about the dividends paid by the Company in respect of the Relevant Periods.

Yours faithfully,

Ernst & Young
Certified Public Accountants
Hong Kong

31 October 2019

I HISTORICAL FINANCIAL INFORMATION**Preparation of historical financial information**

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The Historical Financial Information in this report was prepared based on issued financial statements of the Group for the Relevant Periods. The issued financial statements were audited by Ernst & Young LLP, Public Accountants and Chartered Accountants, Singapore, in accordance with International Standards on Auditing issued by the International Auditing and Assurance Standards Board ("IAASB") (the "Historical Financial Statements").

The Historical Financial Information is presented in United States dollars and all values are rounded to the nearest thousand (US\$'000) except when otherwise indicated.

**CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

	Notes	Year ended 31 December			Four months ended	
		2016 US\$'000	2017 US\$'000	2018 US\$'000	30 April 2018 US\$'000 (Unaudited)	2019 US\$'000
REVENUE	5	136,052	150,111	173,852	50,865	56,630
Cost of sales		<u>(105,452)</u>	<u>(116,245)</u>	<u>(139,842)</u>	<u>(40,131)</u>	<u>(46,569)</u>
Gross profit		30,600	33,866	34,010	10,734	10,061
Other income and gains	5	3,716	856	539	16	46
Selling and distribution expenses		(7,745)	(8,396)	(8,835)	(3,058)	(2,800)
Administrative expenses		(13,373)	(12,268)	(13,409)	(4,927)	(5,772)
Other expenses		(5,243)	(3,282)	(3,794)	(553)	(592)
Finance costs	7	<u>(312)</u>	<u>(2,350)</u>	<u>(4,055)</u>	<u>(824)</u>	<u>(1,102)</u>
PROFIT/(LOSS) BEFORE TAX	6	7,643	8,426	4,456	1,388	(159)
Income tax expense	10	<u>(1,921)</u>	<u>(3,162)</u>	<u>(807)</u>	<u>(195)</u>	<u>(295)</u>
PROFIT/(LOSS) FOR THE YEAR/PERIOD ATTRIBUTABLE TO OWNERS OF THE PARENT		<u>5,722</u>	<u>5,264</u>	<u>3,649</u>	<u>1,193</u>	<u>(454)</u>
OTHER COMPREHENSIVE INCOME						
Other comprehensive income that may be reclassified to profit or loss in subsequent periods: Exchange differences on translation of foreign operations		<u>(253)</u>	<u>316</u>	<u>(401)</u>	<u>108</u>	<u>(198)</u>

	<i>Notes</i>	Year ended 31 December			Four months ended	
		2016	2017	2018	30 April	
		US\$'000	US\$'000	US\$'000	2018	2019
				US\$'000	US\$'000	
				(Unaudited)		
OTHER						
COMPREHENSIVE						
INCOME FOR THE						
YEAR/PERIOD		<u>(253)</u>	<u>316</u>	<u>(401)</u>	<u>108</u>	<u>(198)</u>
TOTAL						
COMPREHENSIVE						
INCOME FOR THE						
YEAR/PERIOD						
ATTRIBUTABLE TO						
OWNERS OF THE						
PARENT		<u>5,469</u>	<u>5,580</u>	<u>3,248</u>	<u>1,301</u>	<u>(652)</u>
EARNINGS PER						
SHARE						
ATTRIBUTABLE TO						
ORDINARY EQUITY						
HOLDERS OF THE						
PARENT						
Basic and diluted	11	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	As at 31 December			As at
		2016 US\$'000	2017 US\$'000	2018 US\$'000	30 April 2019 US\$'000
NON-CURRENT ASSETS					
Property, plant and equipment	12	4,177	5,213	6,596	6,832
Other intangible assets	13	3,183	1,937	769	362
Goodwill	14	8,877	8,877	8,877	8,877
Deferred tax assets	26	502	609	281	242
Total non-current assets		<u>16,739</u>	<u>16,636</u>	<u>16,523</u>	<u>16,313</u>
CURRENT ASSETS					
Inventories	16	17,881	27,899	21,136	18,315
Trade receivables	17	24,979	30,406	34,351	34,337
Prepayments and other receivables	18	518	1,118	1,432	1,769
Cash and cash equivalents	19	12,222	9,342	19,854	17,970
Total current assets		<u>55,600</u>	<u>68,765</u>	<u>76,773</u>	<u>72,391</u>
CURRENT LIABILITIES					
Trade payables	20	23,420	39,602	42,772	38,246
Other payables and accruals	21	6,809	6,130	5,679	4,030
Contract liabilities	5	824	636	352	352
Interest-bearing bank and other borrowings	22	2,167	4,619	14,382	14,443
Lease liabilities	23	493	563	474	477
Provisions	24	612	123	123	123
Tax payable		1,514	3,633	781	1,159
Total current liabilities		<u>35,839</u>	<u>55,306</u>	<u>64,563</u>	<u>58,830</u>
NET CURRENT ASSETS		<u>19,761</u>	<u>13,459</u>	<u>12,210</u>	<u>13,561</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>36,500</u>	<u>30,095</u>	<u>28,733</u>	<u>29,874</u>

	Notes	As at 31 December			As at
		2016	2017	2018	30 April
		US\$'000	US\$'000	US\$'000	2019
					US\$'000
NON-CURRENT LIABILITIES					
Interest-bearing bank and other					
borrowings	22	30,000	26,208	27,440	27,658
Lease liabilities	23	909	655	595	488
Provisions	24	530	628	569	565
Deferred tax liabilities	26	319	182	104	91
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total non-current liabilities		31,758	27,673	28,708	28,802
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net assets		4,742	2,422	25	1,072
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
EQUITY					
Equity attributable to owners of the					
parent					
Share capital	27	1	1	1	1
Reserves	29	4,741	2,421	24	1,071
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total equity		4,742	2,422	25	1,072
		<u> </u>	<u> </u>	<u> </u>	<u> </u>

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital	Share premium*	Statutory reserve*	Retained profits/ losses)*	Employee share option reserve*	Exchange fluctuation reserve*	Capital reserve*	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
At 1 January 2016	1	32,390	-	1,919	250	(64)	-	34,496
Profit for the year	-	-	-	5,722	-	-	-	5,722
Other comprehensive income for the year:								
Exchange differences related to foreign operations	-	-	-	-	-	(253)	-	(253)
Total comprehensive income for the year	-	-	-	5,722	-	(253)	-	5,469
Dividends distribution (note 30)	-	(21,896)	-	(13,477)	-	-	-	(35,373)
Transfer to statutory reserve	-	-	6	(6)	-	-	-	-
Equity-settled share option arrangements	-	-	-	-	150	-	-	150
At 31 December 2016 and 1 January 2017	1	10,494	6	(5,842)	400	(317)	-	4,742
Profit for the year	-	-	-	5,264	-	-	-	5,264
Other comprehensive income for the year:								
Exchange differences related to foreign operations	-	-	-	-	-	316	-	316
Total comprehensive income for the year	-	-	-	5,264	-	316	-	5,580
Dividends distribution (note 30)	-	(1,270)	-	(6,730)	-	-	-	(8,000)
Transfer to statutory reserve	-	-	13	(13)	-	-	-	-
Equity-settled share option arrangements	-	-	-	-	100	-	-	100
At 31 December 2017	1	9,224	19	(7,321)	500	(1)	-	2,422

	Share capital US\$'000	Share premium* US\$'000	Statutory reserve* US\$'000	Retained profits/ (accumulated losses)* US\$'000	Employee share option reserve* US\$'000	Exchange fluctuation reserve* US\$'000	Capital reserve* US\$'000	Total US\$'000
At 1 January 2018	1	9,224	19	(7,321)	500	(1)	-	2,422
Profit for the year	-	-	-	3,649	-	-	-	3,649
Other comprehensive income for the year:								
Exchange differences related to foreign operations	-	-	-	-	-	(401)	-	(401)
Total comprehensive income for the year	-	-	-	3,649	-	(401)	-	3,248
Dividends distribution (note 30)	-	(5,234)	-	(471)	-	-	-	(5,705)
Transfer to statutory reserve	-	-	10	(10)	-	-	-	-
Equity-settled share option arrangements	-	-	-	-	60	-	-	60
At 31 December 2018 and 1 January 2019	1	3,990	29	(4,153)	560	(402)	-	25
Loss for the period	-	-	-	(454)	-	-	-	(454)
Other comprehensive income for the period:								
Exchange differences related to foreign operations	-	-	-	-	-	(198)	-	(198)
Total comprehensive income for the period	-	-	-	(454)	-	(198)	-	(652)
Transfer to statutory reserve	-	-	6	(6)	-	-	-	-
Equity-settled share option arrangements	-	-	-	-	9	-	-	9
Contribution by a related party	-	-	-	-	-	-	1,690	1,690
At 30 April 2019	<u>1</u>	<u>3,990</u>	<u>35</u>	<u>(4,613)</u>	<u>569</u>	<u>(600)</u>	<u>1,690</u>	<u>1,072</u>

	Share capital US\$'000	Share premium* US\$'000	Statutory reserve* US\$'000	Retained profits/ (accumulated losses)* US\$'000	Employee share option reserve* US\$'000	Exchange fluctuation reserve* US\$'000	Capital reserve* US\$'000	Total US\$'000
At 1 January 2018	1	9,224	19	(7,321)	500	(1)	-	2,422
Profit for the period (Unaudited)	-	-	-	1,193	-	-	-	1,193
Other comprehensive income for the period: (Unaudited)								
Exchange differences related to foreign operations (Unaudited)	-	-	-	-	-	108	-	108
Total comprehensive income for the period (Unaudited)	-	-	-	1,193	-	108	-	1,301
Transfer to statutory reserve (Unaudited)	-	-	-	-	-	-	-	-
Equity-settled share option arrangements (Unaudited)	-	-	-	-	20	-	-	20
At 30 April 2018 (Unaudited)	<u>1</u>	<u>9,224</u>	<u>19</u>	<u>(6,128)</u>	<u>520</u>	<u>107</u>	<u>-</u>	<u>3,743</u>

* These reserve accounts comprise the consolidated reserves of US\$4,741,000, US\$2,421,000, US\$24,000 and US\$1,071,000 in the consolidated statements of financial position as at 31 December 2016, 2017, 2018 and 30 April 2019, respectively.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	Year ended 31 December			Four months ended	
		2016 US\$'000	2017 US\$'000	2018 US\$'000	30 April 2018 US\$'000	2019 US\$'000
(Unaudited)						
Cash flows from operating activities						
Profit/(loss) before tax		7,643	8,426	4,456	1,388	(159)
Adjustments for:						
Depreciation of property, plant and equipment	12	1,613	1,661	2,163	642	825
Depreciation of right-of-use assets	12	508	567	593	198	157
Write-off of property, plant and equipment	12	105	–	–	–	–
Amortisation of other intangible assets	13	1,228	1,277	1,211	430	426
Amortisation of loan arrangement fee	7	–	360	414	120	218
Equity-settled share option expenses	28	150	100	60	20	9
Provision for restructuring and severance costs	24	1,938	312	845	180	17
Impairment of trade receivables	17	293	92	79	–	–
Loss on disposal of property, plant and equipment	6	–	–	58	–	20
Write-off of loan arrangement fee	7	–	–	1,080	–	–
Provision for reinstatement	24	–	–	90	–	–
Provision for long service awards	24	10	128	46	1	5
Write-back of warranty	24	–	(283)	–	–	–
Interest expenses		279	1,896	2,511	683	867
Listing expenses		–	–	–	–	1,400
Effect of exchange rate changes		86	(286)	88	(52)	22

	Notes	Year ended 31 December			Four months ended	
		2016	2017	2018	30 April	
		US\$'000	US\$'000	US\$'000	2018	2019
				US\$'000	US\$'000	
				(Unaudited)		
		13,853	14,250	13,694	3,610	3,807
Decrease/(increase) in inventories		472	(10,018)	6,763	1,638	2,821
Decrease/(increase) in trade receivables		4,208	(5,203)	(4,425)	(6,803)	(184)
Decrease/(increase) in prepayments and other receivables		5,989	(600)	(314)	(155)	(46)
Increase/(decrease) in trade payables		(5,262)	16,182	3,170	149	(4,526)
Decrease in other payables and accruals		(2,739)	(747)	(537)	(1,702)	(1,869)
Increase/(decrease) in contract liabilities		824	(188)	(284)	(229)	-
Cash generated from/(used in) operating activities		17,345	13,676	18,067	(3,492)	3
Net income tax (paid)/refund		(1,191)	(1,287)	(3,409)	(1,743)	109
Long service awards paid	24	(61)	(30)	(101)	(28)	(9)
Restructuring and severance costs paid	24	(5,308)	(518)	(845)	(182)	(17)
Reinstatement costs paid	24	-	-	(94)	-	-
Net cash from/(used in) operating activities		10,785	11,841	13,618	(5,445)	86
Cash flows from investing activities						
Purchases of property, plant and equipment		(2,510)	(2,855)	(3,773)	(1,341)	(1,188)
Purchases of other intangible assets	13	(832)	(29)	(43)	(14)	(19)
Net cash used in investing activities		(3,342)	(2,884)	(3,816)	(1,355)	(1,207)

	Notes	Year ended 31 December			Four months ended 30 April	
		2016 US\$'000	2017 US\$'000	2018 US\$'000	2018 US\$'000 (Unaudited)	2019 US\$'000
Cash flows from financing activities						
Proceeds from interest-bearing bank and other borrowings	32	30,000	7,000	21,000	10,000	-
Repayment of interest-bearing bank and other borrowings	32	-	(7,000)	(8,000)	(2,267)	-
Repayment of lease obligations	32	(435)	(522)	(543)	(185)	(147)
Interest portion of lease liabilities	32	(121)	(116)	(107)	(36)	(19)
Payment of loan arrangement fee	32	-	(1,800)	(3,268)	-	-
Interest paid	32	-	(1,612)	(2,549)	(345)	(567)
Dividends paid	30	(35,373)	(8,000)	(5,705)	-	-
Net cash from/(used in) financing activities		<u>(5,929)</u>	<u>(12,050)</u>	<u>828</u>	<u>7,167</u>	<u>(733)</u>
Net increase/(decrease) in cash and cash equivalents		1,514	(3,093)	10,630	367	(1,854)
Cash and cash equivalents at beginning of the year/period		10,822	12,222	9,342	9,342	19,854
Effects of exchange rate changes on cash and cash equivalents		<u>(114)</u>	<u>213</u>	<u>(118)</u>	<u>15</u>	<u>(30)</u>
Cash and cash equivalents at end of the year/period	19	<u>12,222</u>	<u>9,342</u>	<u>19,854</u>	<u>9,724</u>	<u>17,970</u>

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	Notes	As at 31 December			As at
		2016 US\$'000	2017 US\$'000	2018 US\$'000	30 April 2019 US\$'000
NON-CURRENT ASSETS					
Investments in subsidiaries	15	<u>32,391</u>	<u>32,391</u>	<u>32,391</u>	<u>32,391</u>
Total non-current assets		<u>32,391</u>	<u>32,391</u>	<u>32,391</u>	<u>32,391</u>
CURRENT ASSETS					
Prepayments and other receivables	18	10,852	11,052	6,622	290
Cash and cash equivalents	19	<u>3,001</u>	<u>1,747</u>	<u>2,659</u>	<u>3,188</u>
Total current assets		<u>13,853</u>	<u>12,799</u>	<u>9,281</u>	<u>3,478</u>
CURRENT LIABILITIES					
Other payables and accruals	21	5,349	5,465	7,121	1,598
Interest-bearing bank and other borrowings	22	<u>-</u>	<u>3,000</u>	<u>-</u>	<u>-</u>
Total current liabilities		<u>5,349</u>	<u>8,465</u>	<u>7,121</u>	<u>1,598</u>
NET CURRENT ASSETS		<u>8,504</u>	<u>4,334</u>	<u>2,160</u>	<u>1,880</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>40,895</u>	<u>36,725</u>	<u>34,551</u>	<u>34,271</u>
NON-CURRENT LIABILITIES					
Interest-bearing bank and other borrowings	22	<u>30,000</u>	<u>27,000</u>	<u>30,000</u>	<u>30,000</u>
Total non-current liabilities		<u>30,000</u>	<u>27,000</u>	<u>30,000</u>	<u>30,000</u>
Net assets		<u>10,895</u>	<u>9,725</u>	<u>4,551</u>	<u>4,271</u>
EQUITY					
Share capital	27	1	1	1	1
Reserves	29	<u>10,894</u>	<u>9,724</u>	<u>4,550</u>	<u>4,270</u>
Total equity		<u>10,895</u>	<u>9,725</u>	<u>4,551</u>	<u>4,271</u>

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands. The registered address of the Company is Sertus Chambers, PO Box 2547, Cassia Court, Camana Bay, Grand Cayman, Cayman Islands.

In the opinion of the directors, the immediate holding company of the Company is NHPEA IV Home Control Netherlands B.V. which is incorporated in Netherlands and the ultimate holding company of the Company is Morgan Stanley, which is listed in the New York Stock Exchange and is incorporated in United States of America.

The Company is an investment holding company. During the Relevant Periods, the Company's subsidiaries were involved in providing solutions for sensing and control technologies marketed in the smart home automation, consumer electronics and set-top-box segments.

As at the date of this report, the Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies (incorporated outside Hong Kong, have substantially similar characteristics to a private company incorporated in Hong Kong), the particulars of which are set out below:

Name	Place and date of incorporation/ registration and place of operations	Nominal value of issued/ registered share capital	Percentage of equity attributable to the Company %	Principal activities
HCIL Master Option Limited ("HCIL Master Option") ^(a)	Cayman Islands 9 April 2015	US\$50,000	100 (direct)	Investment holding
Home Control Singapore Pte. Ltd. ("Home Control Singapore") ^(b)	Singapore 10 October 2012	US\$31,628,400	100 (direct)	Sale of remote control products
HCS (Suzhou) Limited ("HCS (Suzhou)") ^(c)	People's Republic of China (the "PRC") 3 March 2011	US\$300,000	100	Research and development
Home Control Solutions (Suzhou) Limited ("Home Control Suzhou") ^(c)	PRC 28 July 2015	US\$2,000,000	100	Sale of remote control products
Omni Remotes do Brasil Ltda ("Omni Brazil") ^(d)	Brazil 20 June 2016	R\$500,000	99	Technical sales support
Home Control Europe NV ("Home Control Europe") ^(e)	Belgium 26 December 2013	EUR7,000,000	100	Technical sales support and sale of remote control products
Premium Home Control Solutions LLC ("Premium Home Control Solutions") ^(f)	United States of America 12 March 2015	US\$1,000	100	Trading and distribution of home electronic products

Notes:

- (a) No audited financial statements have been prepared for this entity for the years ended 31 December 2016, 2017 and 2018 as the entity was not subject to any statutory audit requirements under the relevant rules and regulations in its jurisdiction of incorporation.

- (b) The statutory financial statements of this entity for the years ended 31 December 2016, 2017 and 2018 prepared in accordance with Singapore Financial Reporting Standards were audited by Ernst & Young LLP, Public Accountants and Chartered Accountants, Singapore.
- (c) The statutory financial statements of these entities for the years ended 31 December 2016, 2017 and 2018 prepared under PRC Generally Accepted Accounting Principles ("PRC GAAP") were audited by Suzhou General Hope Certified Public Accountant Co. Ltd, certified public accountants registered in the PRC.
- (d) The statutory financial statements of this entity for the year ended 31 December 2018 prepared in accordance with Brazilian and International Accounting Standards were audited by Fama Auditores Independentes, certified public accountants registered in Brazil. No audited financial statements have been prepared for this entity for the years ended 31 December 2016 and 2017 as the entity was not subject to any statutory audit requirements under the relevant rules and regulations in its jurisdiction of incorporation.
- (e) The statutory financial statements of this entity for the years ended 31 December 2016, 2017 and 2018 prepared in accordance with the provision of the Belgian Royal Decree of 30 January 2001 were audited by KPMG Bedrijfsrevisoren - Réviseurs d'Entreprises, certified public accountants registered in Belgium.
- (f) The statutory financial statements of this entity for the years ended 31 December 2016, 2017 and 2018 prepared in accordance with International Financial Reporting Standards ("IFRS") were audited by Jensen Accountancy International, LLC, certified public accountants registered in the United States of America.

2.1 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with IFRSs, which comprise all standards and interpretations approved by the International Accounting Standards Board. All IFRSs effective for the accounting periods commencing from 1 January 2019, including IFRS 9 *Financial Instruments*, IFRS 15 *Revenue from Contracts with Customers* and IFRS 16 *Leases*, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods and in the period covered by the Interim Comparative Financial Information.

The Historical Financial Information has been prepared under the historical cost convention.

2.2 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in this Historical Financial Information.

Amendments to IFRS 3	<i>Definition of a Business</i> ¹
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ³
IFRS 17	<i>Insurance Contracts</i> ²
Amendments to IAS 1 and IAS 8	<i>Definition of Material</i> ¹

¹ Effective for annual periods beginning on or after 1 January 2020

² Effective for annual periods beginning on or after 1 January 2021

³ No mandatory effective date yet determined but available for adoption

The Group is in the process of making an assessment of the impact of these new and revised IFRSs upon initial application. So far, the Group considers that these new and revised IFRSs may result in changes in accounting policies but are unlikely to have a significant impact on the Group's financial performance and financial position.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

The results of subsidiaries are included in the Company's profit or loss to the extent of dividend received and receivable.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the Relevant Periods.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

Business combination and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The estimated useful lives of property, plant and equipment are as follows:

Furniture and fittings	3 years
Specific tools	2 years
Machinery and equipment	5 years
Reinstatement	3 years
Office premises	1-7 years
Motor vehicles	1-4 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation methods are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents specific tools under construction, which are stated at cost less any impairment losses, and are not depreciated. Cost comprise the direct costs of construction during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Patents

Patents are amortised on a straight-line basis over their estimated useful lives of 4 years.

Software

Purchased software is stated at cost less any impairment losses and is amortised on the straight-line basis over the estimated useful life of 3 to 5 years.

Customer relationships

Customer relationships are amortised on a straight-line basis over their estimated useful lives of 4 years.

Research and development costs

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Leases

A lease is a contract in which the right to use an asset (the leased asset) is granted for an agreed-upon period in return for compensation.

Since 1 January 2016, the Group as a lessee has recognised at present value assets for the right of use received and liabilities for the payment obligations entered into for all leases in the statement of financial position. Lease liabilities include the following lease payments:

- fixed payments (including in-substance fixed payments), less lease incentives offered by the lessor;
- variable payments linked to an index or interest rate;
- expected residual payments from residual value guarantees;
- the exercise price of call options when exercise is estimated to be reasonably certain; and

- contractual penalties for the termination of a lease if the lease term reflects the exercise of a termination option.

The variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

Lease payments are discounted at the implicit interest rate underlying the lease to the extent that this can be readily determined. Otherwise, discounting is at the incremental borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

The discount rate used by the Group ranges from 5.05% to 11.09%, which were derived – for a period of up to 7 years (the lease term) – from the yield of corporate borrowings and government bonds, by taking adjustment to consider the different borrowing rates, risk and tenors in various countries.

Right-of-use assets are measured at cost, which comprises the following:

- lease liability;
- lease payments made at or prior to delivery, less lease incentives received;
- initial direct costs and
- restoration obligations.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. They are depreciated over the term of the lease using the straight-line method.

The Group has elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (“short-term leases”) or lease contracts for which the underlying asset is of low value (“low value assets”). In such cases, the lease payments made associated with them are recognised as an expense, and no right-of-use asset and lease liability are to be recognised.

Extension and termination options exist for a number of leases, particularly for real estate. Such contract terms offer the Group the greatest possible flexibility in doing business. In determining lease terms, all facts and circumstances offering economic incentives for exercising extension options or not exercising termination options are taken into account. The Group reassesses the lease terms if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

The Group also applied the following available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics, and
- Used hindsight in determining the lease term where the contract contains options to extend or terminate the lease
- Elected to not to apply the requirements to leases for which the lease term ends within 12 months of the date of initial application and account for those leases in the same way as short-term leases.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (“ECLs”) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

- Stage 1 — Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
- Stage 2 — Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
- Stage 3 — Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities*Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, accruals and interest-bearing bank and other borrowings.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Loans and borrowings

After initial recognition, interest-bearing bank and other borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis and, in the case of finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Provisions*General*

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss.

Restructuring and severance costs

Restructuring and severance provisions are recognised when the Group has a constructive obligation which is when: (i) there is a detailed formal plan that identifies the business or part of the business concerned, the location and the number of employee affected, the detailed estimate of the associated costs, and the timeline; and (ii) the employees affected have been notified of the plan's main features.

Reinstatement costs

Provision for reinstatement costs arose from the estimated cost of dismantling, removing and restoring the leasehold properties at the end of their lease terms.

The reinstatement costs which are provided at the present value of estimated costs required to settle the obligation are recognised as part of the cost of that particular asset. The estimated future costs of reinstatement is reviewed annually and adjusted as appropriate.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer a significant benefit of financing the transfer of goods to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

(a) Sale of goods

The Group is involved in sale of remote control products. Revenue is recognised when controls of the goods transferred to its customer, being when the goods are delivered to the customer and all criteria for acceptance have been satisfied. The amount of revenue recognised is based on the contractual price.

(b) Royalty income

Royalty income arising from the use of patents is accounted on a periodic basis based on quantities produced by use the patents.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received a consideration (or an amount of consideration that is due) from the customer. If a customer pays the consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

Other employee benefits

Pension scheme

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations.

Contributions made to the government retirement benefit fund under defined contribution retirement plans are charged to profit or loss as incurred.

The Company makes contributions to the Central Provident Fund (the "CPF") Scheme in Singapore, a defined contribution pension scheme, for its employees in Singapore.

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. The subsidiary operating in Mainland China is required to contribute a certain percentage of its payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

Employee leave entitlement

Employee entitlements to annual leave are recognised as a liability when they are accrued to the employees. The estimated liability for leave is recognised for services rendered by employees up to the end of the reporting period.

Long service awards

The Group's net obligation in respect of long service awards is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is determined by taking into consideration the degree of likelihood that the employee will complete the required number of service years to be entitled to the long service award.

Employee share option plans

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees for grants is measured by reference to the fair value at the date at which they are granted.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

The Historical Financial Information is presented in United States dollars, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively.)

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of the certain overseas subsidiaries are currencies other than the United States dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into the presentation currency of the Group at the exchange rates ruling at the end of the reporting period and their statement of profit or loss are translated into United States dollars at the weighted average exchange rates for the year.

The resulting exchange differences are recognised in other comprehensive income and accumulated as a separate component of equity until the disposal of the respective foreign operation entity. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into United States dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into United States dollars at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's Historical Financial Information requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, the Group has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the Historical Financial Information:

Income taxes

The Group has exposure to income taxes in several jurisdictions. Significant judgement is involved in determining the Group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the year in which such determination is made.

The carrying amounts of the Group's tax payable as at 31 December 2016, 2017 and 2018 and 30 April 2019 were US\$1,514,000, US\$3,633,000, US\$781,000 and US\$1,159,000, respectively.

The carrying amounts of the Group's deferred tax assets as at 31 December 2016, 2017 and 2018 and 30 April 2019 were US\$502,000, US\$609,000, US\$281,000 and US\$242,000, respectively.

The carrying amounts of the Group's deferred tax liabilities as at 31 December 2016, 2017 and 2018 and 30 April 2019 were US\$319,000, US\$182,000, US\$104,000 and US\$91,000, respectively.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each of the Relevant Periods, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Provision for expected credit loss of trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust historical credit loss experience with forward-looking information. At each reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note 17 to the Historical Financial Information.

The carrying amounts of trade receivables are US\$24,979,000, US\$30,406,000, US\$34,351,000 and US\$34,337,000 as at 31 December 2016, 2017 and 2018 and 30 April 2019, respectively.

Write-down of inventories to net realisable value

When necessary, allowance is provided for obsolete and slow-moving inventories to adjust the carrying value of inventories to the lower of cost and net realisable value. Management has estimated the allowance for obsolete and slow-moving inventories based on review of inventories in certain circumstances at the end of the reporting period. The assessment of the provision requires management's judgement and estimates on market conditions. Where the actual outcome or expectation in future is different from the original estimate, such differences will have an impact on the carrying amounts of inventories and the write-down charge/write-back of inventories in the period in which such estimate has been changed. At 31 December 2016, 2017 and 2018 and 30 April 2019, the Group's inventories amounted to US\$17,881,000, US\$27,899,000, US\$21,136,000 and US\$18,315,000, respectively.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amounts of goodwill at 31 December 2016, 2017 and 2018 and 30 April 2019 were US\$8,877,000, US\$8,877,000, US\$8,877,000 and US\$8,877,000, respectively. Further details are disclosed in note 14 to the Historical Financial Information.

4. OPERATING SEGMENT INFORMATION

An operating segment, in part, is a component of an enterprise whose operating results are regularly reviewed by management to make decisions about resources to be allocated to the segment and assess its performance. Operating segments may be aggregated only to a limited extent. Management reviews the financial information about revenues for purpose of making operating decisions and assessing financial performance. Accordingly, the Group only have a single operating and reportable segment.

Geographical information*(a) Revenue from external customers*

	Year ended 31 December			Four months ended 30 April	
	2016 US\$'000	2017 US\$'000	2018 US\$'000	2018 US\$'000 (Unaudited)	2019 US\$'000
North America	54,183	76,666	86,618	26,820	25,245
Europe	42,732	35,936	41,927	14,039	13,513
Asia	25,792	25,157	31,703	6,315	10,387
Latin America	13,345	12,352	13,604	3,691	7,485
	<u>136,052</u>	<u>150,111</u>	<u>173,852</u>	<u>50,865</u>	<u>56,630</u>

The revenue information above is based on the locations of the customers.

(b) Non-current assets

	As at 31 December			As at
	2016 US\$'000	2017 US\$'000	2018 US\$'000	30 April 2019 US\$'000
North America	80	61	34	24
Europe	277	347	310	327
Asia	<u>7,003</u>	<u>6,742</u>	<u>7,021</u>	<u>6,843</u>
	<u>7,360</u>	<u>7,150</u>	<u>7,365</u>	<u>7,194</u>

The non-current asset information above is based on the locations of the non-current assets and excludes deferred tax assets and goodwill.

Information about major customers

Revenue from each major customer which accounted for 10% or more of the Group's revenue for the Relevant Periods and the four months ended 30 April 2018 is set out below:

	Year ended 31 December			Four months ended 30 April	
	2016 US\$'000	2017 US\$'000	2018 US\$'000	2018 US\$'000 (Unaudited)	2019 US\$'000
Customer 1	31,128	25,373	29,270	8,144	10,388
Customer 2	N/A*	16,764	35,721	8,535	12,521
Customer 3	N/A*	16,088	N/A*	6,366	N/A*
Customer 4	N/A*	15,782	N/A*	N/A*	N/A*

* The corresponding revenue of the customer is not disclosed as the revenue individually did not account for 10% or more of the Group's revenue for the respective years/periods.

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	Year ended 31 December			Four months ended 30 April	
	2016 US\$'000	2017 US\$'000	2018 US\$'000	2018 US\$'000 (Unaudited)	2019 US\$'000
<i>Revenue from contracts with customers</i>					
Sale of goods	135,296	149,086	173,373	50,824	56,617
Royalty income	756	1,025	479	41	13
	<u>136,052</u>	<u>150,111</u>	<u>173,852</u>	<u>50,865</u>	<u>56,630</u>

An analysis of other income and gains is as follows:

	Year ended 31 December			Four months ended 30 April	
	2016 US\$'000	2017 US\$'000	2018 US\$'000	2018 US\$'000 (Unaudited)	2019 US\$'000
Compensation income ^(a)	3,071	-	-	-	-
Government grants ^(b)	470	653	525	-	-
Foreign exchange gains, net	-	145	-	16	-
Others	175	58	14	-	46
	<u>3,716</u>	<u>856</u>	<u>539</u>	<u>16</u>	<u>46</u>

Notes:

- (a) The income relates to the one-off post completion payment from the previous owner of Home Control Singapore.
- (b) The government grants mainly represent incentives received from the local governments for the purpose of award for business development of service outsourcing.

Revenue from contracts with customers*(i) Disaggregated revenue information*

	Year ended 31 December			Four months ended 30 April	
	2016 US\$'000	2017 US\$'000	2018 US\$'000	2018 US\$'000 (Unaudited)	2019 US\$'000
Timing of revenue recognition					
Goods transferred at a point in time	135,296	149,086	173,373	50,824	56,617
Royalty income recognised over time	<u>756</u>	<u>1,025</u>	<u>479</u>	<u>41</u>	<u>13</u>
Total revenue from contracts with customers	<u><u>136,052</u></u>	<u><u>150,111</u></u>	<u><u>173,852</u></u>	<u><u>50,865</u></u>	<u><u>56,630</u></u>

(ii) Performance obligations

Information about the Group's performance obligations is summarised below:

Sale of goods

The performance obligation is satisfied upon delivery of the goods and payment is generally due within 30 to 90 days from delivery, except for new customers, where payment in advance is normally required.

Royalty income

The performance obligation is satisfied over time as licensing of patents to be used for the manufacturing of products by the licensee.

Contract liabilities

The Group recognised the following revenue-related contract liabilities:

	As at 31 December			As at 30 April
	2016 US\$'000	2017 US\$'000	2018 US\$'000	2019 US\$'000
Current	<u>824</u>	<u>636</u>	<u>352</u>	<u>352</u>

(i) Significant changes in contract liabilities

Contract liabilities represented the obligations to transfer goods to a customer for which the Group has received consideration. The changes in the contract liabilities are mainly attributable to short-term advances received to transfer goods to customers.

(ii) Revenue recognised in relation to contract liabilities

The following table shows the revenue recognised during the Relevant Periods and the four months ended 30 April 2018 related to carried-forward contract liabilities.

	Year ended 31 December			Four months ended 30 April	
	2016	2017	2018	2018	2019
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
				(Unaudited)	
Revenue recognised that was included in the contract liabilities balance at the beginning of the year/ period	–	824	636	636	–

(iii) Unsatisfied performance obligations

The following table shows the unsatisfied performance obligations as at 31 December 2016, 2017 and 2018 and 30 April 2019.

	As at 31 December			As at
	2016	2017	2018	30 April
	US\$'000	US\$'000	US\$'000	2019
				US\$'000
Current	824	636	352	352

The amounts disclosed above do not include variable consideration which is constrained.

6. PROFIT/(LOSS) BEFORE TAX

The Group's profit/(loss) before tax is arrived at after charging/(crediting):

	Notes	Year ended 31 December			Four months ended 30 April	
		2016 US\$'000	2017 US\$'000	2018 US\$'000	2018 US\$'000 (Unaudited)	2019 US\$'000
Cost of inventories sold		89,410	99,266	119,429	38,878	44,994
Depreciation of property, plant and equipment	12	1,613	1,661	2,163	642	825
Depreciation of right-of-use assets	12	508	567	593	198	157
Loss on disposal of property, plant and equipment		-	-	58	-	20
Write-off of property, plant and equipment	12	105	-	-	-	-
Amortisation of other intangible assets*	13	1,228	1,277	1,211	430	426
Impairment of trade receivables	17	293	92	79	-	-
Foreign exchange differences, net		99	(145)	113	(16)	31
Withholding tax		-	334	726	3	46
Auditor's remuneration		57	58	76	39	61
Listing expenses		-	-	-	-	1,400
Long service awards	24	10	128	46	1	5
Restructuring and severance costs	24	1,938	312	845	180	17
Research and development costs		8,180	7,085	7,603	2,532	2,068
Expenses for short term leases		57	20	94	39	-
Expenses for low value leases		6	8	8	3	3
Employee benefits expense (including directors' remuneration (note 8)):						
Wages and salaries		13,919	13,695	13,619	4,185	3,967
Pension scheme contributions		1,582	1,028	1,053	309	331
Other employee benefits		349	249	221	102	68
Equity-settled share option expense	28	150	100	60	20	9
		<u>16,000</u>	<u>15,072</u>	<u>14,953</u>	<u>4,616</u>	<u>4,375</u>

* The amortisation of other intangible assets for the Relevant Periods and the four months ended 30 April 2018 are included in "Administrative expenses" and "Cost of sales" in the consolidated statements of profit or loss and other comprehensive income.

7. FINANCE COSTS

An analysis of finance costs is as follow:

	Year ended 31 December			Four months ended 30 April	
	2016	2017	2018	2018	2019
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
				(Unaudited)	
Interest on loan from intermediate holding company	100	100	197	33	–
Interest portion of lease liabilities	121	116	107	36	19
Interest on bank borrowings	58	1,680	2,207	614	848
Amortisation of loan arrangement fee	–	360	414	120	218
Write-off of loan arrangement fee	–	–	1,080	–	–
Others	33	94	50	21	17
	<u>312</u>	<u>2,350</u>	<u>4,055</u>	<u>824</u>	<u>1,102</u>

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the Relevant Periods and the four months ended 30 April 2018, disclosed pursuant to the Listing Rules, are as follows:

	Year ended 31 December			Four months ended 30 April	
	2016	2017	2018	2018	2019
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
				(Unaudited)	
Fees	–	–	–	–	–
Other emoluments:					
Salaries, allowances and benefits in kind	333	336	335	106	103
Performance related bonuses	73	76	196	196	74
Pension scheme contributions	9	7	7	3	3
Equity-settled share option expense	2	1	1	–	–
	<u>417</u>	<u>420</u>	<u>539</u>	<u>305</u>	<u>180</u>

During the Relevant Periods, a director was granted share options, in respect of his services to the Group, under the share option scheme of the Company, further details of which are set out in note 28 to the Historical Financial Information. The fair value of such options, which has been recognised in profit or loss over the vesting period, was determined as at the date of grant and the amount included in the Historical Financial Information for the Relevant Periods is included in the above directors' and chief executive's remuneration disclosures.

(a) Independent non-executive directors

Werner Peter VAN ECK was appointed as an independent non-executive director of the Company.

There were no fees and other emoluments payable to the independent non-executive director during the Relevant Periods.

(b) An executive director, non-executive directors and the chief executive

Year ended 31 December 2016	Fees <i>US\$'000</i>	Salaries, allowances and benefits in kind <i>US\$'000</i>	Performance related bonuses <i>US\$'000</i>	Pension scheme contributions <i>US\$'000</i>	Equity- settled share option expenses <i>US\$'000</i>	Total remuneration <i>US\$'000</i>
Executive director:						
Alain PERROT*	–	333	73	9	2	417
Non-executive directors:						
Yu GAO	–	–	–	–	–	–
Kwok King Kingsley CHAN	–	–	–	–	–	–
Werner Peter VAN ECK	–	–	–	–	–	–
	–	333	73	9	2	417

Year ended 31 December 2017	Fees <i>US\$'000</i>	Salaries, allowances and benefits in kind <i>US\$'000</i>	Performance related bonuses <i>US\$'000</i>	Pension scheme contributions <i>US\$'000</i>	Equity- settled share option expenses <i>US\$'000</i>	Total remuneration <i>US\$'000</i>
Executive director:						
Alain PERROT*	–	336	76	7	1	420
Non-executive directors:						
Yu GAO	–	–	–	–	–	–
Kwok King Kingsley CHAN	–	–	–	–	–	–
Werner Peter VAN ECK	–	–	–	–	–	–
	–	336	76	7	1	420

Year ended 31 December 2018	Fees US\$'000	Salaries, allowances and benefits in kind US\$'000	Performance related bonuses US\$'000	Pension scheme contributions US\$'000	Equity- settled share option expenses US\$'000	Total remuneration US\$'000
Executive director:						
Alain PERROT*	–	335	196	7	1	539
Non-executive directors:						
Yu GAO	–	–	–	–	–	–
Kwok King Kingsley CHAN	–	–	–	–	–	–
Werner Peter VAN ECK	–	–	–	–	–	–
Total	–	335	196	7	1	539
Four months ended 30 April 2019	Fees US\$'000	Salaries, allowances and benefits in kind US\$'000	Performance related bonuses US\$'000	Pension scheme contributions US\$'000	Equity- settled share option expenses US\$'000	Total remuneration US\$'000
Executive director:						
Alain PERROT*	–	103	74	3	–	180
Non-executive directors:						
Yu GAO	–	–	–	–	–	–
Kwok King Kingsley CHAN	–	–	–	–	–	–
Werner Peter VAN ECK	–	–	–	–	–	–
Total	–	103	74	3	–	180
Four months ended 30 April 2018 (Unaudited)	Fees US\$'000	Salaries, allowances and benefits in kind US\$'000	Performance related bonuses US\$'000	Pension scheme contributions US\$'000	Equity- settled share option expenses US\$'000 (Unaudited)	Total remuneration US\$'000
Executive director:						
Alain PERROT*	–	106	196	3	–	305
Non-executive directors:						
Yu GAO	–	–	–	–	–	–
Kwok King Kingsley CHAN	–	–	–	–	–	–
Werner Peter VAN ECK	–	–	–	–	–	–
Total	–	106	196	3	–	305

* Alain PERROT was appointed as the chief executive of the Company.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the Relevant Periods and the four months ended 30 April 2018.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees included one director for the years ended 31 December 2016, 2017 and 2018 and the four months ended 30 April 2018 and 2019, respectively, details of whose remuneration are set out in note 8 above. Details of the remuneration for the remaining four highest paid employees who are neither a director nor chief executive of the Company during the Relevant Periods and the four months ended 30 April 2018 are as follows:

	Year ended 31 December			Four months ended 30 April	
	2016	2017	2018	2018	2019
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
				(Unaudited)	
Salaries, allowances and benefits in kind	545	611	642	229	221
Performance related bonuses	145	207	246	44	42
Pension scheme contributions	48	93	106	63	53
Equity-settled share option expense	2	1	1	–	–
	<u>740</u>	<u>912</u>	<u>995</u>	<u>336</u>	<u>316</u>

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees				
	Year ended 31 December			Four months ended 30 April	
	2016	2017	2018	2018	2019
				(Unaudited)	
Nil to HK\$1,000,000	–	–	–	3	4
HK\$1,000,001 to HK\$1,500,000	3	1	1	1	–
HK\$1,500,001 to HK\$2,000,000	1	3	3	–	–
	<u>1</u>	<u>3</u>	<u>3</u>	<u>–</u>	<u>–</u>

During the Relevant Periods, share options were granted to certain non-director, non-chief executive highest paid employees in respect of their services to the Group, further details of which are included in the disclosures in note 28 to the Historical Financial Information. The fair value of such options, which has been recognised in profit or loss over the vesting period, was determined as at the date of grant and the amount included in the Historical Financial Information for the Relevant Periods is included in the above five highest paid employees disclosures.

During the Relevant Periods and the four months ended 30 April 2018, no remuneration was paid by the Group to the non-director and non-chief executive highest paid employees as an inducement to join or upon joining the Group or as compensation for loss of office.

10. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group operates.

Pursuant to the rules and regulations of the Cayman Islands, the Company and HCIL Master Option are not subject to any income tax in this jurisdiction.

The Singapore statutory income tax for Home Control Singapore has been provided at the rate of 17% on the estimated assessable profits arising in Singapore during the Relevant Periods and the four months ended 30 April 2018.

The federal tax for Premium Home Control Solutions has been provided at the rates of 35%, 35%, 21%, 21% and 21% for the years ended 31 December 2016, 2017 and 2018 and the four months ended 30 April 2018 and 2019, respectively, and the state tax has been provided at the rate of 4.6% on the estimated assessable profits arising in United States of America during the Relevant Periods and the four months ended 30 April 2018.

The provision for Mainland China income tax has been provided at the applicable income tax rate of 25% on the assessable profits of the PRC subsidiaries of the Group in accordance with the PRC Corporate Income Tax Law. HCS (Suzhou) is qualified as Technologically-advanced Service Enterprises and is subject to a preferential income tax rate of 15% for the Relevant Periods and the four months ended 30 April 2018.

The corporate income tax rate for Home Control Europe has been provided at the rate of 33%, 33%, 29%, 29% and 29% for the years ended 31 December 2016, 2017 and 2018 and the four months ended 30 April 2018 and 2019, respectively, on the estimated assessable profits arising in Belgium during the Relevant Periods and the four months ended 30 April 2018.

The corporate income tax rate for Omni Brazil has been provided at the rate of 24% on the estimated assessable profits arising in Brazil during the Relevant Periods and the four months ended 30 April 2018.

The major components of income tax expense are as follows:

	Year ended 31 December			Four months ended 30 April	
	2016 US\$'000	2017 US\$'000	2018 US\$'000	2018 US\$'000	2019 US\$'000
				(Unaudited)	
Current tax – Singapore					
Charge for the year/period	327	2,000	352	103	60
Under/(over) provision in prior years	850	503	(375)	(5)	(266)
Current tax – United States of America					
Charge for the year/period	718	424	466	111	187
Current tax – Elsewhere					
Charge for the year/period	154	479	356	32	288
Under/(over) provision in prior years	–	–	(242)	–	–
	<u>2,049</u>	<u>3,406</u>	<u>557</u>	<u>241</u>	<u>269</u>
Deferred tax (<i>note 26</i>)					
– Singapore	(94)	(76)	324	–	44
– United States of America	85	(31)	62	–	(63)
– Elsewhere	(119)	(137)	(136)	(46)	45
	<u>(128)</u>	<u>(244)</u>	<u>250</u>	<u>(46)</u>	<u>26</u>
Total tax charge for the year/period	<u>1,921</u>	<u>3,162</u>	<u>807</u>	<u>195</u>	<u>295</u>

A reconciliation of the tax expense applicable to profit/(loss) before tax at the statutory rates for the countries in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rates, and a reconciliation of the applicable statutory rates to the effective tax rates, are as follows:

	Year ended 31 December						Four months ended 30 April			
	2016		2017		2018		2018		2019	
	US\$'000	%	US\$'000	%	US\$'000	%	US\$'000	%	US\$'000	%
							(Unaudited) (Unaudited)			
Profit/(loss) before tax	7,643		8,426		4,456		1,388		(159)	
Tax at the statutory tax rates	1,150	15.0	1,875	22.3	947	21.2	260	18.7	412	N.M.
Adjustments in respect of current tax of previous periods	850	11.1	503	6.0	(617)	(13.8)	(5)	(0.4)	(266)	N.M.
Effect of partial tax exemption and enhanced deductions	(39)	(0.5)	(39)	(0.5)	(39)	(0.9)	(19)	(1.4)	(19)	11.9
Income not subject to tax	(14)	(0.2)	-	-	-	-	-	-	(33)	20.8
Expenses not deductible for tax	-	-	896	10.6	460	10.3	72	5.2	163	N.M.
Others	(26)	(0.3)	(73)	(0.9)	56	1.3	(113)	(8.1)	38	(23.9)
Income tax expense at the Group's effective rate	1,921	25.1	3,162	37.5	807	18.1	195	14.0	295	N.M.

11. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

Earnings per share information is not presented as its inclusion, for the purpose of this report, is not considered meaningful due to the number of shares as at each reporting date during the Relevant Periods and the four months ended 30 April 2018 is different from the number of shares immediately after the completion of public listing of the Group.

12. PROPERTY, PLANT AND EQUIPMENT

Group

	Right-of-use assets							Total US\$'000
	Furniture and fittings US\$'000	Specific tools US\$'000	Machinery and equipment US\$'000	Construction- in-progress US\$'000	Reinstatement US\$'000	Office premises US\$'000	Motor vehicles US\$'000	
Cost								
At 1 January 2016	-	3,830	602	30	110	1,038	4	5,614
Additions	-	1,681	418	411	-	684	86	3,280
Write-off	-	(2,123)	(96)	-	-	-	-	(2,219)
Exchange differences	-	(21)	(20)	-	-	-	-	(41)
At 31 December 2016 and 1 January 2017	-	3,367	904	441	110	1,722	90	6,634
Additions	-	1,213	1,183	459	-	100	246	3,201
Transfer	-	275	-	(275)	-	-	-	-
Write-off	-	(1,145)	(6)	-	-	-	-	(1,151)
Exchange differences	-	22	64	-	-	-	-	86
At 31 December 2017 and 1 January 2018	-	3,732	2,145	625	110	1,822	336	8,770
Additions	132	1,149	2,074	418	106	355	53	4,287
Transfer	-	368	-	(368)	-	-	-	-
Disposals	-	(165)	(57)	-	-	-	-	(222)
Exchange differences	-	(23)	(114)	-	-	-	-	(137)
At 31 December 2018	<u>132</u>	<u>5,061</u>	<u>4,048</u>	<u>675</u>	<u>216</u>	<u>2,177</u>	<u>389</u>	<u>12,698</u>
Cost								
At 31 December 2018 and 1 January 2019	132	5,061	4,048	675	216	2,177	389	12,698
Additions	-	38	604	546	-	-	49	1,237
Transfer	-	90	-	(90)	-	-	-	-
Disposals	-	(57)	(28)	-	-	-	-	(85)
Exchange differences	-	1	2	-	-	-	-	3
At 30 April 2019	<u>132</u>	<u>5,133</u>	<u>4,626</u>	<u>1,131</u>	<u>216</u>	<u>2,177</u>	<u>438</u>	<u>13,853</u>

	Right-of-use assets							Total US\$'000
	Furniture and fittings US\$'000	Specific tools US\$'000	Machinery and equipment US\$'000	Construction- in-progress US\$'000	Reinstatement US\$'000	Office premises US\$'000	Motor vehicles US\$'000	
Accumulated depreciation								
At 1 January 2016	-	2,266	198	-	-	-	-	2,464
Charge for the year	-	1,471	142	-	43	447	18	2,121
Write-off	-	(2,053)	(61)	-	-	-	-	(2,114)
Exchange differences	-	(11)	(3)	-	-	-	-	(14)
At 31 December 2016 and 1 January 2017	-	1,673	276	-	43	447	18	2,457
Charge for the year	-	1,386	275	-	37	464	66	2,228
Write-off	-	(1,145)	(6)	-	-	-	-	(1,151)
Exchange differences	-	13	10	-	-	-	-	23
At 31 December 2017 and 1 January 2018	-	1,927	555	-	80	911	84	3,557
Charge for the year	15	1,461	687	-	36	459	98	2,756
Disposals	-	(115)	(49)	-	-	-	-	(164)
Exchange differences	-	(13)	(34)	-	-	-	-	(47)
At 31 December 2018 and 1 January 2019	15	3,260	1,159	-	116	1,370	182	6,102
Charge for the period	10	491	324	-	4	117	36	982
Disposals	-	(47)	(18)	-	-	-	-	(65)
Exchange differences	-	1	1	-	-	-	-	2
At 30 April 2019	25	3,705	1,466	-	120	1,487	218	7,021
Net carrying amount								
At 31 December 2016	-	1,694	628	441	67	1,275	72	4,177
At 31 December 2017	-	1,805	1,590	625	30	911	252	5,213
At 31 December 2018	117	1,801	2,889	675	100	807	207	6,596
At 30 April 2019	107	1,428	3,160	1,131	96	690	220	6,832

Right-of-use assets

During the Relevant Periods, the Group entered into certain long-term lease contracts for office premises and motor vehicles.

During the Relevant Periods, the Group also leased certain office equipment under short-term (i.e. within 12 months) lease arrangement. The Group has elected not to recognise right-of-use assets on these short-term lease contracts. There is no restrictions or covenants imposed and no sale and leaseback transactions.

The following future cash outflows of the Group is potentially exposed to that are not reflected in the measurement of lease liabilities:

	As at 31 December			As at
	2016	2017	2018	30 April
	US\$'000	US\$'000	US\$'000	2019
				US\$'000
Future cash outflows for short-term leases	–	104	–	–

Further details of lease expenses recognised in profit or loss during the Relevant Periods are disclosed in note 6 to the Historical Financial Information.

13. OTHER INTANGIBLE ASSETS**Group**

	Patents	Software	Customer relationship	Total
	US\$'000	US\$'000	US\$'000	US\$'000
31 December 2016				
Cost at 1 January 2016, net of accumulated amortisation	3,273	13	298	3,584
Additions	–	832	–	832
Amortisation provided during the year	(1,007)	(132)	(89)	(1,228)
Exchange differences	–	(5)	–	(5)
At 31 December 2016	<u>2,266</u>	<u>708</u>	<u>209</u>	<u>3,183</u>
At 31 December 2016:				
Cost	4,028	871	358	5,257
Accumulated amortisation	<u>(1,762)</u>	<u>(163)</u>	<u>(149)</u>	<u>(2,074)</u>
Net carrying amount	<u>2,266</u>	<u>708</u>	<u>209</u>	<u>3,183</u>
31 December 2017				
Cost at 1 January 2017, net of accumulated amortisation	2,266	708	209	3,183
Additions	–	29	–	29
Amortisation provided during the year	(1,007)	(180)	(90)	(1,277)
Exchange differences	–	2	–	2
At 31 December 2017	<u>1,259</u>	<u>559</u>	<u>119</u>	<u>1,937</u>

	Patents <i>US\$'000</i>	Software <i>US\$'000</i>	Customer relationship <i>US\$'000</i>	Total <i>US\$'000</i>
At 31 December 2017:				
Cost	4,028	902	358	5,288
Accumulated amortisation	<u>(2,769)</u>	<u>(343)</u>	<u>(239)</u>	<u>(3,351)</u>
Net carrying amount	<u>1,259</u>	<u>559</u>	<u>119</u>	<u>1,937</u>
31 December 2018				
Cost at 1 January 2018, net of accumulated amortisation	1,259	559	119	1,937
Additions	–	43	–	43
Amortisation provided during the year	<u>(927)</u>	<u>(195)</u>	<u>(89)</u>	<u>(1,211)</u>
At 31 December 2018	<u>332</u>	<u>407</u>	<u>30</u>	<u>769</u>
At 31 December 2018:				
Cost	4,028	945	358	5,331
Accumulated amortisation	<u>(3,696)</u>	<u>(538)</u>	<u>(328)</u>	<u>(4,562)</u>
Net carrying amount	<u>332</u>	<u>407</u>	<u>30</u>	<u>769</u>
30 April 2019				
Cost at 1 January 2019, net of accumulated amortisation	332	407	30	769
Additions	–	19	–	19
Amortisation provided during the period	<u>(332)</u>	<u>(64)</u>	<u>(30)</u>	<u>(426)</u>
At 30 April 2019	<u>–</u>	<u>362</u>	<u>–</u>	<u>362</u>
At 30 April 2019:				
Cost	4,028	964	358	5,350
Accumulated amortisation	<u>(4,028)</u>	<u>(602)</u>	<u>(358)</u>	<u>(4,988)</u>
Net carrying amount	<u>–</u>	<u>362</u>	<u>–</u>	<u>362</u>
14. GOODWILL				
Group				
	As at 31 December			As at
	2016	2017	2018	30 April
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Goodwill	<u>8,877</u>	<u>8,877</u>	<u>8,877</u>	<u>8,877</u>

Impairment testing of goodwill

Goodwill acquired through business combinations is allocated to the remote control products cash-generating unit for impairment testing

The recoverable amount of the remote control products cash-generating unit has been determined based on value in use calculation using cash flow projections covering a five-year period approved by management. The pre-tax discount rate applied to the cash flow projections and the growth rate used to extrapolate the cash flow of the remote control products cash-generating unit in and beyond the five-year period are as follows:

	As at 31 December			As at
	2016	2017	2018	30 April 2019
	%	%	%	%
Revenue growth rate	2	2	2	2
Terminal growth rate	1.4	1.4	1.4	1.4
Earnings before interest and tax ("EBIT") margin rate	6.4	7.5	6.2	6.2
Pre-tax discount rate	16.0	16.0	16.0	16.0

Assumptions were used in the value in use calculation of the remote control products cash-generating unit for the Relevant Periods. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Revenue growth rate

The forecasted revenue growth rate used for five-year period projection is based on the historical data and management's expectation on the future market.

Terminal growth rate

The forecasted terminal growth rate is based on management expectations and do not exceed the long-term average growth rate for the industry relevant to the cash-generating unit.

EBIT margin rate

The basis used to determine the value assigned to the EBIT margins is based on the historical experience.

Pre-tax discount rate

Discount rate represents the current market assessment of the risks specific to the cash-generating unit, regarding the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its cash-generating unit and derived from its weighted average cost of capital ("WACC"). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service.

The values assigned to the key assumptions on market development of remote control products and pre-tax discount rate are consistent with external information sources.

As at 31 December 2016, 2017 and 2018 and 30 April 2019, the recoverable amount of the cash-generating unit exceeds its carrying amount by US\$13,766,000, US\$26,627,000, US\$15,644,000 and US\$23,608,000, respectively and the directors did not identify an impairment for this cash-generating unit.

Decreases in the EBIT margin rate or rises in the pre-tax discount rate as follows (with other assumptions remaining unchanged) would result in decreases in the cash-generating unit's recoverable amount to equal to its carrying amount.

	As at 31 December			As at
	2016	2017	2018	30 April
	%	%	%	2019
				%
EBIT margin rate	4.8	4.8	5.0	4.6
Pre-tax discount rate	20.0	29.5	24.7	24.0

In the opinion of the directors, except for the above, any reasonably possible change in the other key assumptions on which the recoverable amount is based would not cause the cash-generating unit's carrying amount to exceed its recoverable amount as at 31 December 2016, 2017 and 2018 and 30 April 2019.

15. INVESTMENTS IN SUBSIDIARIES

Company

	As at 31 December			As at
	2016	2017	2018	30 April
	US\$'000	US\$'000	US\$'000	2019
				US\$'000
Unlisted investments, at cost	32,391	32,391	32,391	32,391

16. INVENTORIES

Group

	As at 31 December			As at
	2016	2017	2018	30 April
	US\$'000	US\$'000	US\$'000	2019
				US\$'000
Components	6,409	11,722	10,083	8,705
Finished goods	11,472	16,177	11,053	9,610
	17,881	27,899	21,136	18,315

17. TRADE RECEIVABLES

Group

	As at 31 December			As at
	2016	2017	2018	30 April
	US\$'000	US\$'000	US\$'000	2019
				US\$'000
Trade receivables	25,576	30,783	34,807	34,793
Impairment	(597)	(377)	(456)	(456)
	24,979	30,406	34,351	34,337

Trade receivables are non-interest bearing and are generally on 30 to 90 days' terms. They are recognised at their original invoice amounts on initial recognition.

An ageing analysis of the trade receivables as at the end of each of the Relevant Periods, based on the payment due date and net of loss allowance, is as follows:

	As at 31 December			As at
	2016	2017	2018	30 April
	US\$'000	US\$'000	US\$'000	2019
Not past due	18,588	21,387	27,331	27,189
Past due 0 – 90 days	5,544	7,157	5,810	6,350
Past due above 90 days	847	1,862	1,210	798
	<u>24,979</u>	<u>30,406</u>	<u>34,351</u>	<u>34,337</u>

The movements in the loss allowance for impairment of trade receivables are as follows:

	As at 31 December			As at
	2016	2017	2018	30 April
	US\$'000	US\$'000	US\$'000	2019
At beginning of year/period	304	597	377	456
Impairment losses recognised (<i>note 6</i>)	293	92	79	–
Write-off	–	(312)	–	–
	<u>597</u>	<u>377</u>	<u>456</u>	<u>456</u>

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on historical loss pattern of the Group. The calculation reflects the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 31 December 2016

	Expected credit loss rate	Gross carrying amount US\$'000	Expected credit losses US\$'000
Default receivables	100%	256	256
Not past due	1.1%	18,794	206
Past due 0 – 90 days	1.7%	5,640	96
Past due above 90 days	4.4%	886	39
	2.3%	<u>25,576</u>	<u>597</u>

As at 31 December 2017

	Expected credit loss rate	Gross carrying amount <i>US\$'000</i>	Expected credit losses <i>US\$'000</i>
Not past due	0.7%	21,537	150
Past due 0 – 90 days	0.7%	7,206	49
Past due above 90 days	8.7%	2,040	178
	1.2%	<u>30,783</u>	<u>377</u>

As at 31 December 2018

	Expected credit loss rate	Gross carrying amount <i>US\$'000</i>	Expected credit losses <i>US\$'000</i>
Not past due	1.3%	27,691	360
Past due 0 – 90 days	1.3%	5,887	77
Past due above 90 days	1.5%	1,229	19
	1.3%	<u>34,807</u>	<u>456</u>

As at 30 April 2019

	Expected credit loss rate	Gross carrying amount <i>US\$'000</i>	Expected credit losses <i>US\$'000</i>
Not past due	1.2%	27,519	330
Past due 0 – 90 days	1.3%	6,433	83
Past due above 90 days	5.1%	841	43
	1.3%	<u>34,793</u>	<u>456</u>

18. PREPAYMENTS AND OTHER RECEIVABLES

Group

	As at 31 December			As at
	2016	2017	2018	30 April
	US\$'000	US\$'000	US\$'000	2019
				US\$'000
Other receivables	75	69	21	348
Value-added tax recoverable	36	216	358	–
Income tax recoverable	–	241	3	503
Prepayments	407	592	1,050	628
Deferred listing expenses	–	–	–	290
	<u>518</u>	<u>1,118</u>	<u>1,432</u>	<u>1,769</u>

Company

	As at 31 December			As at
	2016	2017	2018	30 April
	US\$'000	US\$'000	US\$'000	2019
				US\$'000
Deferred listing expenses	–	–	–	290
Amount due from a subsidiary	<u>10,852</u>	<u>11,052</u>	<u>6,622</u>	–
	<u>10,852</u>	<u>11,052</u>	<u>6,622</u>	<u>290</u>

The amount due from a subsidiary is unsecured, bears interest at 5% per annum and repayable on demand.

Except for those impaired other receivables, none of the above assets is either past due or impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

The Group has applied the general approach to provide for expected credit losses for non-trade other receivables under IFRS 9. For certain receivables for which the counterparty failed to make demanded repayment, the Group has made 100% provision ("default receivables"). For other receivables, the balances were settled within 12 months and had no historical default. Except for the above balances, the Group considers the historical loss rate and adjusts for forward looking macroeconomic data in calculating the expected credit loss rate which is assessed as minimal.

19. CASH AND CASH EQUIVALENTS

Group

	As at 31 December			As at
	2016	2017	2018	30 April
	US\$'000	US\$'000	US\$'000	2019 US\$'000
Cash and bank balances	12,222	9,342	19,854	17,970
Denominated in:				
United States dollars ("US\$")	10,097	7,459	13,937	14,176
Singapore dollars ("S\$")	657	1,217	3,736	1,329
Euros ("EUR")	584	271	694	461
British Pound Sterling ("GBP")	–	–	244	232
Brazilian Real ("BRL")	144	213	221	296
Chinese Renminbi ("RMB")	740	171	1,012	1,467
Indian Rupee ("INR")	–	11	10	9
	12,222	9,342	19,854	17,970

Company

	As at 31 December			As at
	2016	2017	2018	30 April
	US\$'000	US\$'000	US\$'000	2019 US\$'000
Cash and bank balances	3,001	1,747	2,659	3,188
Denominated in:				
US\$	3,001	1,747	2,659	3,188

Cash at banks earn interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

The RMB is not freely convertible into other currencies. However, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business. The remittance of funds out of Mainland China is subject to exchange restrictions imposed by the PRC government.

20. TRADE PAYABLES

Group

	As at 31 December			As at
	2016	2017	2018	30 April
	US\$'000	US\$'000	US\$'000	2019
				US\$'000
Trade payables	23,420	39,602	42,772	38,246

An ageing analysis of the trade payables as at the end of each of the Relevant Periods, based on the payment due date, is as follows:

	As at 31 December			As at
	2016	2017	2018	30 April
	US\$'000	US\$'000	US\$'000	2019
				US\$'000
Not past due	23,295	31,192	31,903	37,683
Past due 0 – 90 days	92	8,410	10,869	563
Past due 91 – 180 days	33	–	–	–
	23,420	39,602	42,772	38,246

The trade payables are non-interest-bearing and are normally settled on 90-day terms.

21. OTHER PAYABLES AND ACCRUALS

Group

	As at 31 December			As at
	2016	2017	2018	30 April
	US\$'000	US\$'000	US\$'000	2019
				US\$'000
Other payables	100	187	122	80
Withholding tax payables	3	18	619	74
Accruals	4,430	2,889	2,707	2,661
Interest payable	58	68	86	220
Payroll and welfare accruals	2,218	2,968	2,145	995
	6,809	6,130	5,679	4,030

Company

	As at 31 December			As at
	2016	2017	2018	30 April
	US\$'000	US\$'000	US\$'000	2019
				US\$'000
Amount due to a subsidiary	5,291	5,397	7,010	1,353
Accruals	–	–	25	25
Interest payable	58	68	86	220
	5,349	5,465	7,121	1,598

Other payables are non-interest-bearing and repayable on demand.

The amount due to a subsidiary is unsecured, non-interest bearing and repayable on demand.

22. INTEREST-BEARING BANK AND OTHER BORROWINGS

Group

As at 31 December 2016			
	Contractual interest rate (%)	Maturity	US\$'000
Current			
Loan from intermediate holding company – unsecured	5.0	Repayable on demand	2,167
Non-current			
Loan from bank – secured	LIBOR+3.5	2019-2021	30,000
			<u>32,167</u>
As at 31 December 2017			
	Contractual interest rate (%)	Maturity	US\$'000
Current			
Loan from intermediate holding company – unsecured	5.0	Repayable on demand	2,267
Loan from bank – secured	LIBOR+3.5	2018	2,352
			4,619
Non-current			
Loan from bank – secured	LIBOR+3.5	2019-2021	26,208
			<u>30,827</u>
As at 31 December 2018			
	Contractual interest rate (%)	Maturity	US\$'000
Current			
Loan from bank – secured	LIBOR+3.0	2019	14,382
Non-current			
Loan from bank – secured	LIBOR+3.0	2020-2023	27,440
			<u>41,822</u>
As at 30 April 2019			
	Contractual interest rate (%)	Maturity	US\$'000
Current			
Loan from bank – secured	LIBOR+3.0	2019	14,443
Non-current			
Loan from bank – secured	LIBOR+3.0	2020-2023	27,658
			<u>42,101</u>

	As at 31 December			As at
	2016	2017	2018	30 April
	US\$'000	US\$'000	US\$'000	2019
				US\$'000
Analysed into:				
Loan from intermediate holding company:				
Within one year or on demand	<u>2,167</u>	<u>2,267</u>	<u>–</u>	<u>–</u>
Loan from bank repayable:				
Within one year or on demand	–	2,352	14,382	14,443
In the second year	–	2,352	2,346	2,346
In the third to fifth years, inclusive	<u>30,000</u>	<u>23,856</u>	<u>25,094</u>	<u>25,312</u>
	<u>30,000</u>	<u>28,560</u>	<u>41,822</u>	<u>42,101</u>
	<u>32,167</u>	<u>30,827</u>	<u>41,822</u>	<u>42,101</u>

The loan from intermediate holding company is unsecured, bears interest at 5% per annum and repayable on demand.

The bank loan was pledged by the following:

- (a) Share charge over the Company.
- (b) Share charge over Home Control Singapore.
- (c) Share pledge over Home Control Europe.
- (d) Share pledge over Premium Home Control Solutions.
- (e) A minimum bank balance in the amount equivalent to the interest payable for the next six months.

Company

	As at 31 December 2016		
	Contractual interest rate (%)	Maturity	US\$'000
Non-current			
Loan from bank	LIBOR+3.5	2021	<u>30,000</u>
			<u><u>30,000</u></u>

	As at 31 December 2017		
	Contractual interest rate (%)	Maturity	US\$'000
Current			
Loan from bank	LIBOR+3.5	2018	3,000
Non-current			
Loan from bank	LIBOR+3.5	2019-2021	<u>27,000</u>
			<u><u>30,000</u></u>

	As at 31 December 2018		
	Contractual interest rate (%)	Maturity	US\$'000
Non-current			
Loan from bank	LIBOR+3.0	2020-2023	<u>30,000</u>

	As at 30 April 2019		
	Contractual interest rate (%)	Maturity	US\$'000
Non-current			
Loan from bank	LIBOR+3.0	2020-2023	<u>30,000</u>

	As at 31 December			As at
	2016	2017	2018	30 April
	US\$'000	US\$'000	US\$'000	2019
Analysed into:				US\$'000
Loan from bank repayable:				
Within one year or on demand	–	3,000	–	–
In the second year	–	3,000	3,000	3,000
In the third to fifth year, inclusive	30,000	24,000	27,000	27,000
	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>

23. LEASE LIABILITIES

Group

	As at 31 December			As at
	2016	2017	2018	30 April
	US\$'000	US\$'000	US\$'000	2019
Current				US\$'000
Lease liabilities	493	563	474	477
Non-current				
Lease liabilities	909	655	595	488
	<u>1,402</u>	<u>1,218</u>	<u>1,069</u>	<u>965</u>

24. PROVISIONS

Group

Movements in each class of provision during the financial year are set out below:

	Long service awards	Restructuring and severance costs	Reinstatement	Warranty	Total
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
At 1 January 2016	471	3,699	110	283	4,563
Additional provision	10	1,938	–	–	1,948
Amounts utilised during the year	<u>(61)</u>	<u>(5,308)</u>	<u>–</u>	<u>–</u>	<u>(5,369)</u>
At 31 December 2016 and 1 January 2017	420	329	110	283	1,142
Additional provision	128	312	–	–	440
Write-back	–	–	–	(283)	(283)
Amounts utilised during the year	<u>(30)</u>	<u>(518)</u>	<u>–</u>	<u>–</u>	<u>(548)</u>
At 31 December 2017 and 1 January 2018	518	123	110	–	751
Additional provision	46	845	106	–	997
Amounts utilised during the year	(101)	(845)	(94)	–	(1,040)
Reversal of unutilised amounts	<u>–</u>	<u>–</u>	<u>(16)</u>	<u>–</u>	<u>(16)</u>
At 31 December 2018 and 1 January 2019	463	123	106	–	692
Additional provision	5	17	–	–	22
Amounts utilised during the period	<u>(9)</u>	<u>(17)</u>	<u>–</u>	<u>–</u>	<u>(26)</u>
At 30 April 2019	<u><u>459</u></u>	<u><u>123</u></u>	<u><u>106</u></u>	<u><u>–</u></u>	<u><u>688</u></u>

	Long service awards <i>US\$'000</i>	Restructuring and severance costs <i>US\$'000</i>	Reinstatement <i>US\$'000</i>	Warranty <i>US\$'000</i>	Total <i>US\$'000</i>
At 31 December 2016					
Portion classified as current liabilities	–	329	–	283	612
Non-current portion	420	–	110	–	530
	<u>420</u>	<u>–</u>	<u>110</u>	<u>–</u>	<u>530</u>
	<u>420</u>	<u>329</u>	<u>110</u>	<u>283</u>	<u>1,142</u>
At 31 December 2017					
Portion classified as current liabilities	–	123	–	–	123
Non-current portion	518	–	110	–	628
	<u>518</u>	<u>–</u>	<u>110</u>	<u>–</u>	<u>628</u>
	<u>518</u>	<u>123</u>	<u>110</u>	<u>–</u>	<u>751</u>
At 31 December 2018					
Portion classified as current liabilities	–	123	–	–	123
Non-current portion	463	–	106	–	569
	<u>463</u>	<u>–</u>	<u>106</u>	<u>–</u>	<u>569</u>
	<u>463</u>	<u>123</u>	<u>106</u>	<u>–</u>	<u>692</u>
At 30 April 2019					
Portion classified as current liabilities	–	123	–	–	123
Non-current portion	459	–	106	–	565
	<u>459</u>	<u>–</u>	<u>106</u>	<u>–</u>	<u>565</u>
	<u>459</u>	<u>123</u>	<u>106</u>	<u>–</u>	<u>688</u>

Long service awards

The provision is mainly attributable to the provision for the long service awards in Home Control Singapore and Omni Brazil, which is awarded to employees whose service periods reach 5, 10 and 15 years. Further details are disclosed in note 25 to the Historical Financial Information.

Restructuring and severance costs

Restructuring and severance costs include only the direct expenditures arising from the restructuring and severance, which are those that are both: (i) necessarily entailed by the restructuring and severance; and (ii) not associated with the ongoing activities of the entity. Provision for restructuring and severance costs does not include such costs as: retraining or relocating continuing staff; marketing; or investment in new systems and distribution networks.

Reinstatement costs

Provision for reinstatement costs pertains to the costs expected to be incurred to reinstate the office to its original state as stated in the lease agreement.

Warranty

The Group provides two-year warranties to certain customers on its products for general repairs of defects occurring during the warranty period.

25. LONG SERVICE AWARDS

Group

The cost of long service awards as well as the present value of the long service awards obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. The principal assumptions used in determining obligations for the long service awards are shown below:

	As at 31 December			As at
	2016	2017	2018	30 April
	(%)	(%)	(%)	2019
				(%)
Discount rate	2.20	2.45	2.04	2.04
Expected rate of future salary increases	5.00	5.00	3.50	3.50

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the long service awards as at the end of each of the Relevant Periods, assuming if all other assumptions were held constant:

	As at 31 December 2016		
	Increase/(decrease) in basis points	Effect on present value of benefit obligation <i>US\$'000</i>	Effect on service cost <i>US\$'000</i>
Discount rate	+25	(8)	(1)
	-25	8	1
Future salary increases	+50	14	1
	-50	(14)	(1)

	As at 31 December 2017		
	Increase/(decrease) in basis points	Effect on present value of benefit obligation <i>US\$'000</i>	Effect on service cost <i>US\$'000</i>
Discount rate	+25	(7)	(1)
	-25	7	1
Future salary increases	+50	15	1
	-50	(13)	(2)

	As at 31 December 2018		
	Increase/(decrease) in basis points	Effect on present value of benefit obligation <i>US\$'000</i>	Effect on service cost <i>US\$'000</i>
Discount rate	+25	(7)	(1)
	-25	7	1
Future salary increases	+50	12	1
	-50	(12)	(1)

	As at 31 December 2019		
	Increase/(decrease) in basis points	Effect on present value of benefit obligation <i>US\$'000</i>	Effect on service cost <i>US\$'000</i>
Discount rate	+25	(7)	(1)
	-25	7	1
Future salary increases	+50	12	1
	-50	(12)	(1)

The average duration of the long service awards at 31 December 2016, 2017 and 2018 and 30 April 2019 is 10.5 years, 10 years, 9.6 years and 9.2 years, respectively.

26. DEFERRED TAX

Group

The movements in deferred tax assets and liabilities during the Relevant Periods were as follows:

Deferred tax assets

	Depreciation <i>US\$'000</i>	Provision <i>US\$'000</i>	Others <i>US\$'000</i>	Total <i>US\$'000</i>
At 1 January 2016	235	276	–	511
Deferred tax credited/(charged) to profit or loss during the year	<u>–</u>	<u>(94)</u>	<u>85</u>	<u>(9)</u>
At 31 December 2016 and 1 January 2017	235	182	85	502
Deferred tax credited/(charged) to profit or loss during the year	<u>(188)</u>	<u>264</u>	<u>31</u>	<u>107</u>
At 31 December 2017 and 1 January 2018	47	446	116	609
Deferred tax charged to profit or loss during the year	<u>(47)</u>	<u>(219)</u>	<u>(62)</u>	<u>(328)</u>
At 31 December 2018 and 1 January 2019	–	227	54	281
Deferred tax credited/(charged) to profit or loss during the period	<u>–</u>	<u>(102)</u>	<u>63</u>	<u>(39)</u>
At 30 April 2019	<u><u>–</u></u>	<u><u>125</u></u>	<u><u>117</u></u>	<u><u>242</u></u>

Deferred tax liabilities

	Undistributed earnings <i>US\$'000</i>	Depreciation <i>US\$'000</i>	Intangible assets <i>US\$'000</i>	Total <i>US\$'000</i>
At 1 January 2016	–	–	200	200
Deferred tax charged to profit or loss during the year	<u>–</u>	<u>–</u>	<u>119</u>	<u>119</u>
At 31 December 2016 and 1 January 2017	–	–	319	319
Deferred tax credited to profit or loss during the year	<u>–</u>	<u>–</u>	<u>(137)</u>	<u>(137)</u>
At 31 December 2017 and 1 January 2018	–	–	182	182
Deferred tax charged/(credited) to profit or loss during the year	<u>–</u>	<u>58</u>	<u>(136)</u>	<u>(78)</u>
At 31 December 2018 and 1 January 2019	–	58	46	104
Deferred tax charged/(credited) to profit or loss during the period	<u>91</u>	<u>(58)</u>	<u>(46)</u>	<u>(13)</u>
At 30 April 2019	<u>91</u>	<u>–</u>	<u>–</u>	<u>91</u>

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 5%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

At 31 December 2016, 2017 and 2018, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings of the Group's subsidiaries established in Mainland China. In the opinion of the directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences associated with investment in subsidiaries for which deferred tax liabilities have not been recognised totaled approximately US\$242,000, US\$548,000 and US\$1,719,000 as at 31 December 2016, 2017 and 2018, respectively.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders during the Relevant Periods.

27. SHARE CAPITAL

Group and Company

	As at 31 December			As at
	2016	2017	2018	30 April
	US\$'000	US\$'000	US\$'000	2019
				US\$'000
Authorised:				
50,000 ordinary shares of US\$1.00 each	50	50	50	50
	<u>50</u>	<u>50</u>	<u>50</u>	<u>50</u>
Issued and fully paid:				
101 ordinary shares	1	1	1	1
	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

28. SHARE OPTION SCHEME

Under the share option scheme (the "Scheme"), share options are granted to senior executives for the purpose of attracting, retaining and to provide additional incentives to employees, officers and directors. The options vest upon meeting certain key performance index ("KPI") set by management. If these KPIs are not met, the options will lapse. The contractual life of each option granted is 7 years. There are no cash settlement alternatives.

There has been no cancellation or modification of the share options plan during the Relevant Periods.

The following table illustrates the number of, and movements in, share options during each of the Relevant Periods:

	Number of options			
	2016	2017	2018	2019
Outstanding at 1 January and 31 December/30 April	10	10	10	10
	<u>10</u>	<u>10</u>	<u>10</u>	<u>10</u>
Exercisable at 31 December/30 April	4	4	4	4
	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>

The fair value of the share options granted on 1 May 2015 was US\$591,000 of which the Group recognised share option expense of US\$150,000, US\$100,000, US\$60,000 and US\$9,000 during the years ended 31 December 2016, 2017 and 2018 and the four months ended 30 April 2019, respectively.

The fair value of equity-settled share options granted was estimated as at the date of grant using a binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

Expected volatility (%)	41.91-43.29
Risk-free interest rate (% p.a.)	1.84-2.09
Expected life of option (years)	7

The expected life of the share options is not necessarily indicative of exercise patterns that may occur. The management retrieved historical share price of a comparable listed company as a proxy for the Company to calculate the expected volatility, which assumed is indicative of future trends, which may not necessarily be the actual outcome.

No other feature of the options granted was incorporated into the measurement of fair value.

At the end of the reporting period, the Company had 10 share options outstanding under the Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 10 additional ordinary shares of the Company and additional share capital of US\$10 (before issue expenses).

At the date of approval of this Historical Financial Information, the Company had 10 share options outstanding under the Scheme, which represented more than 100% of the Company's shares in issue as at that date.

29. RESERVES

Group

The amounts of the Group's reserves and the movements therein for the Relevant Periods are presented in the consolidated statements of changes in equity of the Historical Financial Information.

Exchange fluctuation reserve

The translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

Statutory reserve fund

In accordance with the relevant PRC regulations applicable to wholly-foreign-owned companies, certain entities within the Group are required to allocate certain portion (not less than 10%), as determined by their boards of directors, of their profit after tax in accordance with PRC GAAP to the statutory reserve fund (the "SRF") until such reserve reaches 50% of the registered capital.

The SRF is non-distributable other than in the event of liquidation and, subject to certain restrictions set out in the relevant PRC regulations, can be used to offset accumulated losses or be capitalised as issued capital. However, the balance of the SRF must be maintained at a minimum of 25% of the capital after such usages.

Company

	Share premium US\$'000	Employee share option reserve US\$'000	Retained profits/ loss) (accumulated US\$'000	Capital reserve US\$'000	Total US\$'000
At 1 January 2016	32,390	250	6,839	–	39,479
Total comprehensive income for the year	–	–	6,638	–	6,638
Dividends distribution (note 30)	(21,896)	–	(13,477)	–	(35,373)
Equity-settled share option arrangements	–	150	–	–	150
At 31 December 2016 and 1 January 2017	10,494	400	–	–	10,894
Total comprehensive income for the year	–	–	6,730	–	6,730
Dividends distribution (note 30)	(1,270)	–	(6,730)	–	(8,000)
Equity-settled share option arrangements	–	100	–	–	100
At 31 December 2017 and 1 January 2018	9,224	500	–	–	9,724
Total comprehensive income for the year	–	–	471	–	471
Dividends distribution (note 30)	(5,234)	–	(471)	–	(5,705)
Equity-settled share option arrangements	–	60	–	–	60
At 31 December 2018 and 1 January 2019	3,990	560	–	–	4,550
Total comprehensive income for the period	–	–	(1,979)	–	(1,979)
Equity-settled share option arrangements	–	9	–	–	9
Contribution by a related party	–	–	–	1,690	1,690
At 30 April 2019	<u>3,990</u>	<u>569</u>	<u>(1,979)</u>	<u>1,690</u>	<u>4,270</u>

30. DIVIDENDS

	Year ended 31 December			Four months ended 30 April	
	2016 US\$'000	2017 US\$'000	2018 US\$'000	2018 US\$'000	2019 US\$'000
Dividends on ordinary shares:					
– Interim exempt (one-tier) dividend	<u>35,373</u>	<u>8,000</u>	<u>5,705</u>	<u>–</u>	<u>–</u>

31. RELATED PARTY TRANSACTIONS

- (a) In addition to the transactions detailed elsewhere in the Historical Financial Information, the Group had the following transactions with related parties during the Relevant Periods and the four months ended 30 April 2018:

	Year ended 31 December			Four months ended 30 April	
	2016	2017	2018	2018	2019
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
				(Unaudited)	
Interest expenses payable/paid to intermediate holding company	100	100	197	33	–
Listing expenses payable/paid by a related party	–	–	–	–	1,690
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

- (b) Outstanding balances with related parties:

	As at 31 December			As at 30 April 2019	
	2016	2017	2018	2018	2019
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Loan due to intermediate holding company	2,167	2,267	–	–	–
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

The loan from intermediate holding company is unsecured, bears interest at 5% per annum and repayable on demand. The loan was fully repaid in 2018.

- (c) Compensation of key management personnel of the Group:

	Year ended 31 December			Four months ended 30 April	
	2016	2017	2018	2018	2019
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
				(Unaudited)	
Short-term employee benefits	1,045	1,143	1,342	654	507
Pension scheme contributions	100	100	109	59	53
Equity-settled share option expense	4	3	2	–	–
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total compensation paid to key management personnel	1,149	1,246	1,453	713	560
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Further details of directors' and the chief executive's remuneration are included in note 8 to the Historical Financial Information.

32. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

- (a) Major non-cash transactions

The Group recorded contribution by a related party of US\$1,690,000 as at 30 April 2019 for payments of listing expenses incurred by the Group during the four months ended 30 April 2019.

(b) Changes in liabilities arising from financing activities

	Loan from intermediate holding company <i>US\$'000</i>	Bank loans <i>US\$'000</i>	Lease liabilities <i>US\$'000</i>	Total <i>US\$'000</i>
At 1 January 2016	2,067	–	945	3,012
Changes from financing cash flows				
– Proceeds from interest-bearing bank and other borrowings	–	30,000	–	30,000
– Repayment of lease obligations	–	–	(435)	(435)
– Interest portion of lease liabilities	–	–	(121)	(121)
Addition	–	–	892	892
Accretion of interests*	100	–	121	221
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2016 and 1 January 2017	2,167	30,000	1,402	33,569
Changes from financing cash flows				
– Proceeds from interest-bearing bank and other borrowings	–	7,000	–	7,000
– Repayment of interest-bearing bank and other borrowings	–	(7,000)	–	(7,000)
– Repayment of lease obligations	–	–	(522)	(522)
– Interest portion of lease liabilities	–	–	(116)	(116)
– Loan arrangement fee paid	–	(1,800)	–	(1,800)
– Interest paid	–	(1,612)	–	(1,612)
Additions	–	–	338	338
Accretion of interests*	100	1,612	116	1,828
Amortisation of loan arrangement fees	–	360	–	360
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2017	<u>2,267</u>	<u>28,560</u>	<u>1,218</u>	<u>32,045</u>

	Loan from intermediate holding company US\$'000	Bank loans US\$'000	Lease liabilities US\$'000	Total US\$'000
At 1 January 2018	2,267	28,560	1,218	32,045
Changes from financing cash flows				
– Proceeds from interest-bearing bank and other borrowings	6,000	15,000	–	21,000
– Repayment of interest-bearing bank and other borrowings	(8,000)	–	–	(8,000)
– Repayment of lease obligations	–	–	(543)	(543)
– Interest portion of lease liabilities	–	–	(107)	(107)
– Loan arrangement fee paid	–	(3,268)	–	(3,268)
– Interest paid	(464)	(2,085)	–	(2,549)
Additions	–	–	394	394
Accretion of interests*	197	2,121	107	2,425
Amortisation of loan arrangement fee	–	414	–	414
Write-off loan arrangement fee	–	1,080	–	1,080
	<u>–</u>	<u>41,822</u>	<u>1,069</u>	<u>42,891</u>
At 31 December 2018 and 1 January 2019	–	41,822	1,069	42,891
Changes from financing cash flows				
– Repayment of lease obligations	–	–	(147)	(147)
– Interest portion of lease liabilities	–	–	(19)	(19)
– Interest paid	–	(567)	–	(567)
Additions	–	–	43	43
Accretion of interests*	–	628	19	647
Amortisation of loan arrangement fee	–	218	–	218
	<u>–</u>	<u>42,101</u>	<u>965</u>	<u>43,066</u>
At 30 April 2019	–	42,101	965	43,066

	Loan from intermediate holding company US\$'000	Bank loans US\$'000	Lease liabilities US\$'000	Total US\$'000
At 1 January 2018	2,267	28,560	1,218	32,045
Changes from financing cash flows				
– Proceeds from interest-bearing bank and other borrowings (Unaudited)	–	10,000	–	10,000
– Repayment of interest-bearing bank and other borrowings (Unaudited)	(2,267)	–	–	(2,267)
– Repayment of lease obligations (Unaudited)	–	–	(185)	(185)
– Interest portion of lease liabilities (Unaudited)	–	–	(36)	(36)
– Interest paid (Unaudited)	(33)	(312)	–	(345)
Additions (Unaudited)	–	–	136	136
Accretion of interests* (Unaudited)	33	394	36	463
Amortisation of loan arrangement fee (Unaudited)	–	120	–	120
	<u>–</u>	<u>38,762</u>	<u>1,169</u>	<u>39,931</u>
At 30 April 2018 (Unaudited)	–	38,762	1,169	39,931

* The loan interest payable of US\$58,000, US\$68,000, US\$86,000, US\$220,000 and US\$220,000 for the years ended 31 December 2016, 2017 and 2018 and the four months ended 30 April 2018 and 2019, respectively, are classified under other payables and accruals.

33. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of each of the Relevant Periods are as follows:

Group*Financial assets*

	Financial assets at amortised cost			As at
	As at 31 December			30 April
	2016	2017	2018	2019
	US\$'000	US\$'000	US\$'000	US\$'000
Trade receivables	24,979	30,406	34,351	34,337
Financial assets included in other receivables	75	69	21	638
Cash and cash equivalents	12,222	9,342	19,854	17,970
	<u>37,276</u>	<u>39,817</u>	<u>54,226</u>	<u>52,945</u>

Financial liabilities

	Financial liabilities at amortised cost			As at 30
	As at 31 December			April
	2016	2017	2018	2019
	US\$'000	US\$'000	US\$'000	US\$'000
Trade payables	23,420	39,602	42,772	38,246
Financial liabilities included in other payables and accruals	4,588	3,144	2,915	2,961
Interest-bearing bank and other borrowings	32,167	30,827	41,822	42,101
Lease liabilities	1,402	1,218	1,069	965
	<u>61,577</u>	<u>74,791</u>	<u>88,578</u>	<u>84,273</u>

Company*Financial assets*

	Financial assets at amortised cost			As at 30
	As at 31 December			April
	2016	2017	2018	2019
	US\$'000	US\$'000	US\$'000	US\$'000
Financial assets included in other receivables	10,852	11,052	6,622	290
Cash and cash equivalents	3,001	1,747	2,659	3,188
	<u>13,853</u>	<u>12,799</u>	<u>9,281</u>	<u>3,478</u>

Financial liabilities

	Financial liabilities at amortised cost			
	As at 31 December			As at 30
	2016	2017	2018	April
	US\$'000	US\$'000	US\$'000	US\$'000
Financial liabilities included in other payables and accruals	5,349	5,465	7,121	1,598
Interest-bearing bank and other borrowings	30,000	30,000	30,000	30,000
	<u>35,349</u>	<u>35,465</u>	<u>37,121</u>	<u>31,598</u>

34. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has determined that the carrying amounts of cash and cash equivalents, trade receivables, financial assets included in other receivables, trade payables, financial liabilities included in other payables and accruals, current portion of interest-bearing bank and other borrowings and lease liabilities, reasonably approximate to their fair values because these financial instruments are mostly short term in nature. The carrying amounts of long term interest-bearing loans and borrowings, which incur interest at floating interest rate, and long term lease liabilities, also approximate to their fair values as the interest rate is periodically adjusted to market rate.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise interest-bearing bank and other borrowings and cash and cash equivalents. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, credit risk, liquidity risk and foreign currency risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below. It is, and has been throughout the current and previous financial year, the Group's policy that no trading in derivatives for speculative purposes shall be undertaken.

The following sections provide details regarding the Group's exposure to the abovementioned financial risks and the objectives, policies and processes for the Group of these risks.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks.

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's interest-bearing bank and other borrowings with floating interest rates.

The Group's policy is to manage interest cost using a mix of fixed and floating rate debts.

The following table demonstrates the sensitivity to a reasonably possible change in the US\$ interest rate, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowings) and the Group's equity.

	Increase/ (decrease) in base points	Increase/ (decrease) in profit before tax <i>US\$'000</i>	Increase/ (decrease) in equity <i>US\$'000</i>
31 December 2016			
US\$	50	(6)	(6)
US\$	(50)	6	6
31 December 2017			
US\$	50	(143)	(143)
US\$	(50)	143	143
31 December 2018			
US\$	50	(209)	(209)
US\$	(50)	209	209
30 April 2019			
US\$	50	(69)	(69)
US\$	(50)	69	69

(b) Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents and other receivables, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by customer/counterparty and by geographical region. There are no significant concentrations of credit risk within the Group as the customer bases of the Group's trade receivables are widely dispersed in different sectors and industries.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables and other receivables are disclosed in notes 17 and 18 to the Historical Financial Information.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the region profile of its trade receivables on an on-going basis. The credit risk concentration profile of the Group's trade receivables at the end of each of the Relevant Periods is as follows:

	2016	
	<i>US\$'000</i>	<i>% of total</i>
By region:		
North America	7,750	31.0
Europe	4,559	18.3
Asia	6,565	26.3
Latin America	6,105	24.4
	24,979	100.0
	24,979	100.0

Analysis of financial instruments by remaining contractual maturities

The maturity profile of the Group's and the Company's financial liabilities at the end of each of the Relevant Periods based on contractual undiscounted repayment, is as follows:

Group

	On demand US\$'000	Less than 3 months US\$'000	2016		Total US\$'000
			3 to less than 12 months US\$'000	1 to 5 years US\$'000	
Trade payables	-	23,420	-	-	23,420
Financial liabilities included in other payables and accruals	4,588	-	-	-	4,588
Interest-bearing bank and other borrowings	2,267	-	-	37,428	39,695
Lease liabilities	-	150	434	968	1,552
Total undiscounted financial liabilities	6,855	23,570	434	38,396	69,255
	On demand US\$'000	Less than 3 months US\$'000	2017		Total US\$'000
			3 to less than 12 months US\$'000	1 to 5 years US\$'000	
Trade payables	-	39,602	-	-	39,602
Financial liabilities included in other payables and accruals	3,144	-	-	-	3,144
Interest-bearing bank and other borrowings	2,367	-	2,471	34,358	39,196
Lease liabilities	-	163	445	689	1,297
Total undiscounted financial liabilities	5,511	39,765	2,916	35,047	83,239
	On demand US\$'000	Less than 3 months US\$'000	2018		Total US\$'000
			3 to less than 12 months US\$'000	1 to 5 years US\$'000	
Trade payables	-	42,772	-	-	42,772
Financial liabilities included in other payables and accruals	2,915	-	-	-	2,915
Interest-bearing bank and other borrowings	-	-	15,250	36,677	51,927
Lease liabilities	-	139	403	630	1,172
Total undiscounted financial liabilities	2,915	42,911	15,653	37,307	98,786

	30 April 2019				Total US\$'000
	On demand US\$'000	Less than 3 months US\$'000	3 to less than 12 months US\$'000	1 to 5 years US\$'000	
Trade payables	-	38,246	-	-	38,246
Financial liabilities included in other payables and accruals	2,961	-	-	-	2,961
Interest-bearing bank and other borrowings	-	-	16,835	38,185	55,020
Lease liabilities	-	144	421	538	1,103
Total undiscounted financial liabilities	2,961	38,390	17,256	38,723	97,330
Company					
	2016				Total US\$'000
	On demand US\$'000	Less than 3 months US\$'000	3 to less than 12 months US\$'000	1 to 5 years US\$'000	
Financial liabilities included in other payables and accruals	5,349	-	-	-	5,349
Interest-bearing bank and other borrowings	-	-	-	37,428	37,428
Total undiscounted financial liabilities	5,349	-	-	37,428	42,777
	2017				Total US\$'000
	On demand US\$'000	Less than 3 months US\$'000	3 to less than 12 months US\$'000	1 to 5 years US\$'000	
Financial liabilities included in other payables and accruals	5,465	-	-	-	5,465
Interest-bearing bank and other borrowings	-	-	3,152	35,395	38,547
Total undiscounted financial liabilities	5,465	-	3,152	35,395	44,012

	On demand <i>US\$'000</i>	Less than 3 months <i>US\$'000</i>	2018 3 to less than 12 months <i>US\$'000</i>	1 to 5 years <i>US\$'000</i>	Total <i>US\$'000</i>
Financial liabilities included in other payables and accruals	7,121	–	–	–	7,121
Interest-bearing bank and other borrowings	–	–	–	40,098	40,098
Total undiscounted financial liabilities	7,121	–	–	40,098	47,219
			30 April 2019		
	On demand <i>US\$'000</i>	Less than 3 months <i>US\$'000</i>	3 to less than 12 months <i>US\$'000</i>	1 to 5 years <i>US\$'000</i>	Total <i>US\$'000</i>
Financial liabilities included in other payables and accruals	1,598	–	–	–	1,598
Interest-bearing bank and other borrowings	–	–	–	41,418	41,418
Total undiscounted financial liabilities	1,598	–	–	41,418	43,016

(d) Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currencies. During the years ended 31 December 2016, 2017 and 2018 and the four months ended 30 April 2019, approximately 3.5%, 4.6%, 4.1% and 7.7% of the Group's sales were denominated in currencies other than the functional currencies of the operating units making the sale, whilst approximately 0.2%, 0.2%, 0.3% and 0.4% of purchases were denominated in other than the functional currencies of the unit, respectively. The Group's trade receivables and trade payables balances at the end of each of the Relevant Periods have similar exposures. As at 31 December 2016, 2017 and 2018 and 30 April 2019, the Group has no outstanding foreign currency forward exchange contract.

At present, the Group does not intend to seek to hedge its exposure to foreign exchange fluctuations. However, management constantly monitors the economic situation and the Group's foreign exchange risk profile and will consider appropriate hedging measures in the future should the need arise.

The Group also hold cash and short-term deposits denominated in foreign currencies for working capital purposes.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity at the end of each of the Relevant Periods to a reasonably possible change in the S\$ and EUR exchange rates against US\$ for the monetary assets and liabilities, with all other variables held constant, of the Group's profit before tax.

	Increase/ (decrease) in US\$ rate %	Increase/ (decrease) in profit before tax US\$'000
2016		
If the US\$ weakens against the S\$	10	62
If the US\$ strengthens against the S\$	10	(62)
If the US\$ weakens against the EUR	10	47
If the US\$ strengthens against the EUR	10	(47)
2017		
If the US\$ weakens against the S\$	10	111
If the US\$ strengthens against the S\$	10	(111)
If the US\$ weakens against the EUR	10	63
If the US\$ strengthens against the EUR	10	(63)
2018		
If the US\$ weakens against the S\$	10	372
If the US\$ strengthens against the S\$	10	(372)
If the US\$ weakens against the EUR	10	94
If the US\$ strengthens against the EUR	10	(94)
30 April 2019		
If the US\$ weakens against the S\$	10	133
If the US\$ strengthens against the S\$	10	(133)
If the US\$ weakens against the EUR	10	146
If the US\$ strengthens against the EUR	10	(146)

36. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the Relevant Periods.

The Group's capital includes equity attributable to owners of the parent. The Group monitors capital using a gearing ratio, which is debt divided by the adjusted total assets. Debt includes interest-bearing bank and other borrowings. Adjusted total assets excludes goodwill. The gearing ratios as at 31 December 2016, 2017 and 2018 and 30 April 2019 are as follows:

	As at 31 December			As at
	2016	2017	2018	30 April
	US\$'000	US\$'000	US\$'000	2019
				US\$'000
Total interest-bearing bank and other borrowings (note 22)	32,167	30,827	41,822	42,101
Total assets excluding goodwill	<u>63,462</u>	<u>76,524</u>	<u>84,419</u>	<u>79,827</u>
	<u>50.69%</u>	<u>40.28%</u>	<u>49.54%</u>	<u>52.74%</u>

37. EVENT AFTER THE RELEVANT PERIODS

No other significant events that require additional disclosures or adjustments occurred after the Relevant Periods.

38. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of the companies now comprising the Group in respect of any period subsequent to 30 April 2019.

The following information does not form part of the Accountant's Report from Ernst & Young, Certified Public Accountants, Hong Kong, the Company's reporting accountants, as set out in Appendix I to this prospectus, and is included herein for information purpose only.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted consolidated net tangible assets of the Group prepared in accordance with Rule 4.29 of the Listing Rules and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for inclusion in Investment Circulars" issued by the HKICPA is to illustrate the effect of the Global Offering on the net tangible assets of the Group attributable to equity shareholders of the Company as at 30 April 2019 as if the Global Offering had taken place on that date.

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not provide a true picture of the net tangible assets attributable to equity shareholders of the Company had the Global Offering been completed as at 30 April 2019 or at any future date.

	Consolidated net tangible assets attributable to owners of the parent as at 30 April 2019 US\$'000 (Note 1)	Estimated net proceeds from the Global Offering US\$'000 (Note 2)	Unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the parent as at 30 April 2019 US\$'000	Unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the parent per Share as at 30 April 2019 US\$ (Note 3)	Unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the parent per Share as at 30 April 2019 (HK\$ equivalent) (Note 4)
Based on an Offer Price of HK\$1.02 per Share	(8,167)	10,977	2,810	0.0056	0.04
Based on an Offer Price of HK\$1.49 per Share	(8,167)	16,059	7,892	0.0158	0.12

Notes:

1. The consolidated net tangible assets attributable to owners of the parent as at 30 April 2019 is arrived at after deducting other intangible assets and goodwill of US\$362,000 and US\$8,877,000, respectively, from consolidated equity attributable to owners of the parent of US\$1,072,000 as of 30 April 2019, as shown in the Accountants' Report, the text of which is set out in Appendix I to this Prospectus.
2. The estimated net proceeds from the Global Offering are based on estimated offer prices of HK\$1.02 or HK\$1.49 per Share after deduction of the underwriting fees and other related expenses payable by our Company and do not take into account any Shares which may be issued upon exercise of the Over-allotment Option. For the purpose of the estimated net proceeds from the Global Offering, the amounts stated in Hong Kong dollars are converted into U.S. dollars at the rate of HK\$7.85 to US\$1.00. No representation is made that the U.S. dollar amounts have been, could have been or may be converted to Hong Kong dollars, or vice versa, at that rate or at all.
3. The unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the parent per Share is arrived at after adjustments referred to in the preceding paragraphs and on the basis that 500,000,000 Shares are in issue assuming that the Global Offering has been completed on 30 April 2019.
4. For the purpose of the unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the parent per Share, the amounts stated in U.S. dollars are converted into Hong Kong dollars at the rate of HK\$7.85 to US\$1.00. No representation is made that the U.S. dollar amounts have been, could have been or may be converted to Hong Kong dollars, or vice versa, at that rate or at all.

The following is the text of a report received from our reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong, prepared for the purposes of incorporation in this prospectus, in respect of the pro forma financial information of the Group.

B. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION



22/F, CITIC Tower
1 Tim Mei Avenue
Central
Hong Kong

To the Directors of Home Control International Limited

We have completed our assurance engagement to report on the compilation of pro forma financial information of Home Control International Limited (the “**Company**”) and its subsidiaries (hereinafter collectively referred to as the “**Group**”) by the directors of the Company (the “**Directors**”) for illustrative purposes only. The pro forma financial information consists of the pro forma consolidated net tangible assets as at 30 April 2019, and related notes as set out on pages II-1 to II-2 of the prospectus dated 31 October 2019 issued by the Company (the “**Pro Forma Financial Information**”). The applicable criteria on the basis of which the Directors have compiled the Pro Forma Financial Information are described in notes 1 to 4 on pages II-1 to II-2 of the prospectus.

The Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the global offering of shares of the Company on the Group’s financial position as at 30 April 2019 as if the transaction had taken place at 30 April 2019. As part of this process, information about the Group’s financial position has been extracted by the Directors from the Group’s financial statements for the period ended 30 April 2019, on which an accountants’ report has been published.

Directors’ responsibility for the Pro Forma Financial Information

The Directors are responsible for compiling the Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and with reference to Accounting Guideline (“**AG**”) 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

Our independence and quality control

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting accountants' responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Financial Information.

The purpose of the Pro Forma Financial Information included in the Prospectus is solely to illustrate the impact of the global offering of shares of the Company on unadjusted financial information of the Group as if the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the transaction would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the transaction in respect of which the Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the Pro Forma Financial Information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purpose of the Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,

Ernst & Young
Certified Public Accountants
Hong Kong

31 October 2019

1 MEMORANDUM OF ASSOCIATION

The Memorandum of Association of the Company was conditionally adopted on 14 October 2019 and states, inter alia, that the liability of the members of the Company is limited, that the objects for which the Company is established are unrestricted and the Company shall have full power and authority to carry out any object not prohibited by the Companies Law or any other law of the Cayman Islands.

The Memorandum of Association is available for inspection at the address specified in the section headed "Documents Delivered to the Registrar of Companies and Available for Public Inspection in Hong Kong" in Appendix V to this prospectus.

2 ARTICLES OF ASSOCIATION

The Articles of Association of the Company were conditionally adopted on 14 October 2019 and include provisions to the following effect:

2.1 Classes of Shares

The share capital of the Company consists of ordinary shares. The capital of the Company at the date of adoption of the Articles is US\$50,000 divided into 50,000 shares of US\$1.00 each.

2.2 Directors

(a) *Power to allot and issue Shares*

Subject to the provisions of the Companies Law and the Memorandum and Articles of Association, the unissued shares in the Company (whether forming part of its original or any increased capital) shall be at the disposal of the Directors, who may offer, allot, grant options over or otherwise dispose of them to such persons, at such times and for such consideration, and upon such terms, as the Directors shall determine.

Subject to the provisions of the Articles of Association and to any direction that may be given by the Company in general meeting and without prejudice to any special rights conferred on the holders of any existing shares or attaching to any class of shares, any share may be issued with or have attached thereto such preferred, deferred, qualified or other special rights or restrictions, whether in regard to dividend, voting, return of capital or otherwise, and to such persons at such times and for such consideration as the Directors may determine. Subject to the Companies Law and to any special rights conferred on any shareholders or attaching to any class of shares, any share may, with the sanction of a special resolution, be issued on terms that it is, or at the option of the Company or the holder thereof, liable to be redeemed.

(b) Power to dispose of the assets of the Company or any subsidiary

The management of the business of the Company shall be vested in the Directors who, in addition to the powers and authorities by the Articles of Association expressly conferred upon them, may exercise all such powers and do all such acts and things as may be exercised or done or approved by the Company and are not by the Articles of Association or the Companies Law expressly directed or required to be exercised or done by the Company in general meeting, but subject nevertheless to the provisions of the Companies Law and of the Articles of Association and to any regulation from time to time made by the Company in general meeting not being inconsistent with such provisions or the Articles of Association, provided that no regulation so made shall invalidate any prior act of the Directors which would have been valid if such regulation had not been made.

(c) Compensation or payment for loss of office

Payment to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must first be approved by the Company in general meeting.

(d) Loans to Directors

There are provisions in the Articles of Association prohibiting the making of loans to Directors or their respective close associates which are equivalent to the restrictions imposed by the Companies Ordinance.

(e) Financial assistance to purchase Shares

Subject to all applicable laws, the Company may give financial assistance to Directors and employees of the Company, its subsidiaries or any holding company or any subsidiary of such holding company in order that they may buy shares in the Company or any such subsidiary or holding company. Further, subject to all applicable laws, the Company may give financial assistance to a trustee for the acquisition of shares in the Company or shares in any such subsidiary or holding company to be held for the benefit of employees of the Company, its subsidiaries, any holding company of the Company or any subsidiary of any such holding company (including salaried Directors).

(f) Disclosure of interest in contracts with the Company or any of its subsidiaries

No Director or proposed Director shall be disqualified by his office from contracting with the Company either as vendor, purchaser or otherwise nor shall any such contract or any contract or arrangement entered into by or on behalf of the Company with any person, company or partnership of or in which any Director

shall be a member or otherwise interested be capable on that account of being avoided, nor shall any Director so contracting or being any member or so interested be liable to account to the Company for any profit so realised by any such contract or arrangement by reason only of such Director holding that office or the fiduciary relationship thereby established, provided that such Director shall, if his interest in such contract or arrangement is material, declare the nature of his interest at the earliest meeting of the board of Directors at which it is practicable for him to do so, either specifically or by way of a general notice stating that, by reason of the facts specified in the notice, he is to be regarded as interested in any contracts of a specified description which may be made by the Company.

A Director shall not be entitled to vote on (nor shall be counted in the quorum in relation to) any resolution of the Directors in respect of any contract or arrangement or any other proposal in which the Director or any of his close associates (or, if required by the Listing Rules, his other associates) has any material interest, and if he shall do so his vote shall not be counted (nor is he to be counted in the quorum for the resolution), but this prohibition shall not apply to any of the following matters, namely:

- (i) the giving to such Director or any of his close associates of any security or indemnity in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries;
- (ii) the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or any of his close associates has himself/themselves assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (iii) any proposal concerning an offer of shares, debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase where the Director or any of his close associates is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
- (iv) any proposal or arrangement concerning the benefit of employees of the Company or any of its subsidiaries including:
 - (A) the adoption, modification or operation of any employees' share scheme or any share incentive scheme or share option scheme under which the Director or any of his close associates may benefit; or
 - (B) the adoption, modification or operation of a pension or provident fund or retirement, death or disability benefits scheme which relates both to Directors, their close associates and employees of the Company or any of its subsidiaries and does not provide in

respect of any Director or any of his close associates, as such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and

- (v) any contract or arrangement in which the Director or any of his close associates is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company.

(g) *Remuneration*

The Directors shall be entitled to receive by way of remuneration for their services such sum as shall from time to time be determined by the Directors, or the Company in general meeting, as the case may be, such sum (unless otherwise directed by the resolution by which it is determined) to be divided amongst the Directors in such proportions and in such manner as they may agree, or failing agreement, equally, except that in such event any Director holding office for less than the whole of the relevant period in respect of which the remuneration is paid shall only rank in such division in proportion to the time during such period for which he has held office. Such remuneration shall be in addition to any other remuneration to which a Director who holds any salaried employment or office in the Company may be entitled by reason of such employment or office.

The Directors shall also be entitled to be paid all expenses, including travel expenses, reasonably incurred by them in or in connection with the performance of their duties as Directors including their expenses of travelling to and from board meetings, committee meetings or general meetings or otherwise incurred whilst engaged on the business of the Company or in the discharge of their duties as Directors.

The Directors may grant special remuneration to any Director who shall perform any special or extra services at the request of the Company. Such special remuneration may be made payable to such Director in addition to or in substitution for his ordinary remuneration as a Director, and may be made payable by way of salary, commission or participation in profits or otherwise as may be agreed.

The remuneration of an executive Director or a Director appointed to any other office in the management of the Company shall from time to time be fixed by the Directors and may be by way of salary, commission or participation in profits or otherwise or by all or any of those modes and with such other benefits (including share option and/or pension and/or gratuity and/or other benefits on retirement) and allowances as the Directors may from time to time decide. Such remuneration shall be in addition to such remuneration as the recipient may be entitled to receive as a Director.

(h) *Retirement, appointment and removal*

The Directors shall have power at any time and from time to time to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed shall hold office only until the next annual general meeting of the Company and shall then be eligible for re-election at that meeting, but shall not be taken into account in determining the number of Directors and which Directors are to retire by rotation at such meeting.

The Company may by ordinary resolution remove any Director (including a Managing Director or other executive Director) before the expiration of his period of office notwithstanding anything in the Articles of Association or in any agreement between the Company and such Director (but without prejudice to any claim for compensation or damages payable to him in respect of the termination of his appointment as Director or of any other appointment of office as a result of the termination of this appointment as Director). The Company may by ordinary resolution appoint another person in his place. Any Director so appointed shall hold office during such time only as the Director in whose place he is appointed would have held the same if he had not been removed.

The Company may also by ordinary resolution elect any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors. No person shall, unless recommended by the Directors, be eligible for election to the office of Director at any general meeting unless, during the period, which shall be at least seven days, commencing no earlier than the day after the despatch of the notice of the meeting appointed for such election and ending no later than seven days prior to the date of such meeting, there has been given to the Secretary of the Company notice in writing by a member of the Company (not being the person to be proposed) entitled to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also notice in writing signed by the person to be proposed of his willingness to be elected.

There is no shareholding qualification for Directors nor is there any specified age limit for Directors.

The office of a Director shall be vacated:

- (i) if he resigns his office by notice in writing to the Company at its registered office or its principal office in Hong Kong;
- (ii) if an order is made by any competent court or official on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs and the Directors resolve that his office be vacated;

- (iii) if, without leave, he is absent from meetings of the Directors (unless an alternate Director appointed by him attends) for 12 consecutive months, and the Directors resolve that his office be vacated;
- (iv) if he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors generally;
- (v) if he ceases to be or is prohibited from being a Director by law or by virtue of any provision in the Articles of Association;
- (vi) if he is removed from office by notice in writing served upon him signed by not less than three-fourths in number (or, if that is not a round number, the nearest lower round number) of the Directors (including himself) for the time being then in office; or
- (vii) if he shall be removed from office by an ordinary resolution of the members of the Company under the Articles of Association.

At every annual general meeting of the Company one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to, but not less than, one-third, shall retire from office by rotation, provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. A retiring Director shall retain office until the close of the meeting at which he retires and shall be eligible for re-election thereat. The Company at any annual general meeting at which any Directors retire may fill the vacated office by electing a like number of persons to be Directors.

(i) *Borrowing powers*

The Directors may from time to time at their discretion exercise all the powers of the Company to raise or borrow or to secure the payment of any sum or sums of money for the purposes of the Company and to mortgage or charge its undertaking, property and assets (present and future) and uncalled capital or any part thereof.

(j) *Proceedings of the Board*

The Directors may meet together for the despatch of business, adjourn and otherwise regulate their meetings and proceedings as they think fit in any part of the world. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have a second or casting vote.

2.3 Alteration to constitutional documents

No alteration or amendment to the Memorandum or Articles of Association may be made except by special resolution.

2.4 Variation of rights of existing shares or classes of shares

If at any time the share capital of the Company is divided into different classes of shares, all or any of the rights attached to any class of shares for the time being issued (unless otherwise provided for in the terms of issue of the shares of that class) may, subject to the provisions of the Companies Law, be varied or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class. To every such separate meeting all the provisions of the Articles of Association relating to general meetings shall *mutatis mutandis* apply, but so that the quorum for the purposes of any such separate meeting and of any adjournment thereof shall be a person or persons together holding (or representing by proxy or duly authorised representative) at the date of the relevant meeting not less than one-third in nominal value of the issued shares of that class.

The special rights conferred upon the holders of shares of any class shall not, unless otherwise expressly provided in the rights attaching to or the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

2.5 Alteration of capital

The Company may, from time to time, whether or not all the shares for the time being authorised shall have been issued and whether or not all the shares for the time being issued shall have been fully paid up, by ordinary resolution, increase its share capital by the creation of new shares, such new capital to be of such amount and to be divided into shares of such respective amounts as the resolution shall prescribe.

The Company may from time to time by ordinary resolution:

- (a) consolidate and divide all or any of its share capital into shares of a larger amount than its existing shares. On any consolidation of fully paid shares and division into shares of larger amount, the Directors may settle any difficulty which may arise as they think expedient and in particular (but without prejudice to the generality of the foregoing) may as between the holders of shares to be consolidated determine which particular shares are to be consolidated into each consolidated share, and if it shall happen that any person shall become entitled to fractions of a consolidated share or shares, such fractions may be sold by some person appointed by the Directors for that purpose and the person so appointed may transfer the shares so sold to the purchaser thereof and the validity of such transfer shall not be questioned,

and so that the net proceeds of such sale (after deduction of the expenses of such sale) may either be distributed among the persons who would otherwise be entitled to a fraction or fractions of a consolidated share or shares rateably in accordance with their rights and interests or may be paid to the Company for the Company's benefit;

- (b) cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the shares so cancelled subject to the provisions of the Companies Law; and
- (c) sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum of Association, subject nevertheless to the provisions of the Companies Law, and so that the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may have any such preferred or other special rights, over, or may have such deferred rights or be subject to any such restrictions as compared with the others as the Company has power to attach to unissued or new shares.

The Company may by special resolution reduce its share capital or any capital redemption reserve in any manner authorised and subject to any conditions prescribed by the Companies Law.

2.6 Special resolution – majority required

A "special resolution" is defined in the Articles of Association to have the meaning ascribed thereto in the Companies Law, for which purpose, the requisite majority shall be not less than three-fourths of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given and includes a special resolution approved in writing by all of the members of the Company entitled to vote at a general meeting of the Company in one or more instruments each signed by one or more of such members, and the effective date of the special resolution so adopted shall be the date on which the instrument or the last of such instruments (if more than one) is executed.

In contrast, an "ordinary resolution" is defined in the Articles of Association to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting held in accordance with the Articles of Association and includes an ordinary resolution approved in writing by all the members of the Company aforesaid.

2.7 Voting rights

Subject to any special rights, privileges or restrictions as to voting for the time being attached to any class or classes of shares, at any general meeting on a poll every member present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy shall have one vote for each share registered in his name in the register of members of the Company.

Where any member is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

In the case of joint registered holders of any share, any one of such persons may vote at any meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at any meeting personally or by proxy, that one of the said persons so present being the most or, as the case may be, the more senior shall alone be entitled to vote in respect of the relevant joint holding and, for this purpose, seniority shall be determined by reference to the order in which the names of the joint holders stand on the register in respect of the relevant joint holding.

A member of the Company in respect of whom an order has been made by any competent court or official on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs may vote by any person authorised in such circumstances to do so and such person may vote by proxy.

Save as expressly provided in the Articles of Association or as otherwise determined by the Directors, no person other than a member of the Company duly registered and who shall have paid all sums for the time being due from him payable to the Company in respect of his shares shall be entitled to be present or to vote (save as proxy for another member of the Company), or to be reckoned in a quorum, either personally or by proxy at any general meeting.

At any general meeting a resolution put to the vote of the meeting shall be decided by way of a poll save that the chairman of the meeting may allow a resolution which relates purely to a procedural or administrative matter as prescribed under the Listing Rules to be voted on by a show of hands.

If a recognised clearing house (or its nominee(s)) is a member of the Company it may authorise such person or persons as it thinks fit to act as its proxy(ies) or representative(s) at any general meeting of the Company or at any general meeting of any class of members of the Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised pursuant to this provision shall be entitled to exercise the same rights and powers on behalf of the recognised clearing house

(or its nominee(s)) which he represents as that recognised clearing house (or its nominee(s)) could exercise as if it were an individual member of the Company holding the number and class of shares specified in such authorisation, including, where a show of hands is allowed, the right to vote individually on a show of hands.

2.8 Annual general meetings and extraordinary general meetings

The Company shall hold a general meeting as its annual general meeting each year, within a period of not more than 15 months after the holding of the last preceding annual general meeting (or such longer period as the Stock Exchange may authorise). The annual general meeting shall be specified as such in the notices calling it.

The board of Directors may, whenever it thinks fit, convene an extraordinary general meeting. General meetings shall also be convened on the written requisition of any one or more members holding together, as at the date of deposit of the requisition, shares representing not less than one-tenth of the paid up capital of the Company which carry the right of voting at general meetings of the Company. The written requisition shall be deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office of the Company, specifying the objects of the meeting and signed by the requisitioner(s). If the Directors do not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting to be held within a further 21 days, the requisitioner(s) themselves or any of them representing more than one-half of the total voting rights of all of them, may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Directors provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition, and all reasonable expenses incurred by the requisitioner(s) as a result of the failure of the Directors shall be reimbursed to them by the Company.

2.9 Accounts and audit

The Directors shall cause to be kept such books of account as are necessary to give a true and fair view of the state of the Company's affairs and to show and explain its transactions and otherwise in accordance with the Companies Law.

The Directors shall from time to time determine whether, and to what extent, and at what times and places and under what conditions or regulations, the accounts and books of the Company, or any of them, shall be open to the inspection by members of the Company (other than officers of the Company) and no such member shall have any right of inspecting any accounts or books or documents of the Company except as conferred by the Companies Law or any other relevant law or regulation or as authorised by the Directors or by the Company in general meeting.

The Directors shall, commencing with the first annual general meeting, cause to be prepared and to be laid before the members of the Company at every annual general meeting a profit and loss account for the period, in the case of the first account, since the incorporation of the Company and, in any other case, since the preceding account,

together with a balance sheet as at the date to which the profit and loss account is made up and a Director's report with respect to the profit or loss of the Company for the period covered by the profit and loss account and the state of the Company's affairs as at the end of such period, an auditor's report on such accounts and such other reports and accounts as may be required by law. Copies of those documents to be laid before the members of the Company at an annual general meeting shall not less than 21 days before the date of the meeting, be sent in the manner in which notices may be served by the Company as provided in the Articles of Association to every member of the Company and every holder of debentures of the Company provided that the Company shall not be required to send copies of those documents to any person of whose address the Company is not aware or to more than one of the joint holders of any shares or debentures.

2.10 Auditors

The Company shall at every annual general meeting appoint an auditor or auditors of the Company who shall hold office until the next annual general meeting. The removal of an auditor before the expiration of his period of office shall require the approval of an ordinary resolution of the members in general meeting. The remuneration of the auditors shall be fixed by the Company at the annual general meeting at which they are appointed provided that in respect of any particular year the Company in general meeting may delegate the fixing of such remuneration to the Directors.

2.11 Notice of meetings and business to be conducted thereat

An annual general meeting shall be called by not less than 21 days' notice in writing and any extraordinary general meeting shall be called by not less than 14 days' notice in writing. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and shall specify the time, place and agenda of the meeting, particulars of the resolutions and the general nature of the business to be considered at the meeting. The notice convening an annual general meeting shall specify the meeting as such, and the notice convening a meeting to pass a special resolution shall specify the intention to propose the resolution as a special resolution. Notice of every general meeting shall be given to the auditors and all members of the Company (other than those who, under the provisions of the Articles of Association or the terms of issue of the shares they hold, are not entitled to receive such notice from the Company).

Notwithstanding that a meeting of the Company is called by shorter notice than that mentioned above, it shall be deemed to have been duly called if it is so agreed:

- (a) in the case of a meeting called as an annual general meeting, by all members of the Company entitled to attend and vote thereat or their proxies; and
- (b) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than 95% in nominal value of the shares giving that right.

If, after the notice of a general meeting has been sent but before the meeting is held, or after the adjournment of a general meeting but before the adjourned meeting is held (whether or not notice of the adjourned meeting is required), the Directors, in their absolute discretion, consider that it is impractical or unreasonable for any reason to hold a general meeting on the date or at the time and place specified in the notice calling such meeting, it may change or postpone the meeting to another date, time and place.

The Directors also have the power to provide in every notice calling a general meeting that in the event of a gale warning or a black rainstorm warning is in force at any time on the day of the general meeting (unless such warning is cancelled at least a minimum period of time prior to the general meeting as the Directors may specify in the relevant notice), the meeting shall be postponed without further notice to be reconvened on a later date. Where a general meeting is so postponed, the Company shall endeavour to cause a notice of such postponement to be placed on the Company's website and published on the Stock Exchange's website as soon as practicable, but failure to place or publish such notice shall not affect the automatic postponement of such meeting.

Where a general meeting is postponed:

- (a) the Directors shall fix the date, time and place for the reconvened meeting and at least seven clear days' notice shall be given for the reconvened meeting; and such notice shall specify the date, time and place at which the postponed meeting will be reconvened and the date and time by which proxies shall be submitted in order to be valid at such reconvened meeting (provided that any proxy submitted for the original meeting shall continue to be valid for the reconvened meeting unless revoked or replaced by a new proxy); and
- (b) notice of the business to be transacted at the reconvened meeting shall not be required, nor shall any accompanying documents be required to be recirculated, provided that the business to be transacted at the reconvened meeting is the same as that set out in the notice of the original meeting circulated to the members of the Company.

2.12 Transfer of shares

Transfers of shares may be effected by an instrument of transfer in the usual common form or in such other form as the Directors may approve which is consistent with the standard form of transfer as prescribed by the Stock Exchange.

The instrument of transfer shall be executed by or on behalf of the transferor and, unless the Directors otherwise determine, the transferee, and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members of the Company in respect thereof. All instruments of transfer shall be retained by the Company.

The Directors may refuse to register any transfer of any share which is not fully paid up or on which the Company has a lien. The Directors may also decline to register any transfer of any shares unless:

- (a) the instrument of transfer is lodged with the Company accompanied by the certificate for the shares to which it relates (which shall upon the registration of the transfer be cancelled) and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer;
- (b) the instrument of transfer is in respect of only one class of shares;
- (c) the instrument of transfer is properly stamped (in circumstances where stamping is required);
- (d) in the case of a transfer to joint holders, the number of joint holders to whom the share is to be transferred does not exceed four;
- (e) the shares concerned are free of any lien in favour of the Company; and
- (f) a fee of such amount not exceeding the maximum amount as the Stock Exchange may from time to time determine to be payable (or such lesser sum as the Directors may from time to time require) is paid to the Company in respect thereof.

If the Directors refuse to register a transfer of any share they shall, within two months after the date on which the transfer was lodged with the Company, send to each of the transferor and the transferee notice of such refusal.

The registration of transfers may, on 10 business days' notice (or on 6 business days' notice in the case of a rights issue) being given by advertisement published on the Stock Exchange's website, or, subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association or by advertisement published in the newspapers, be suspended and the register of members of the Company closed at such times for such periods as the Directors may from time to time determine, provided that the registration of transfers shall not be suspended or the register closed for more than 30 days in any year (or such longer period as the members of the Company may by ordinary resolution determine provided that such period shall not be extended beyond 60 days in any year).

2.13 Power of the Company to purchase its own shares

The Company is empowered by the Companies Law and the Articles of Association to purchase its own shares subject to certain restrictions and the Directors may only exercise this power on behalf of the Company subject to the authority of its members in general meeting as to the manner in which they do so and to any applicable requirements imposed from time to time by the Stock Exchange and the Securities and Futures Commission of Hong Kong. Shares which have been repurchased will be treated as cancelled upon the repurchase.

2.14 Power of any subsidiary of the Company to own shares

There are no provisions in the Articles of Association relating to the ownership of shares by a subsidiary.

2.15 Dividends and other methods of distribution

Subject to the Companies Law and the Articles of Association, the Company in general meeting may declare dividends in any currency but no dividends shall exceed the amount recommended by the Directors. No dividend may be declared or paid other than out of profits and reserves of the Company lawfully available for distribution, including share premium.

Unless and to the extent that the rights attached to any shares or the terms of issue thereof otherwise provide, all dividends shall (as regards any shares not fully paid throughout the period in respect of which the dividend is paid) be apportioned and paid pro rata according to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. For these purposes no amount paid up on a share in advance of calls shall be treated as paid up on the share.

The Directors may from time to time pay to the members of the Company such interim dividends as appear to the Directors to be justified by the profits of the Company. The Directors may also pay half-yearly or at other intervals to be selected by them any dividend which may be payable at a fixed rate if they are of the opinion that the profits available for distribution justify the payment.

The Directors may retain any dividends or other monies payable on or in respect of a share upon which the Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists. The Directors may also deduct from any dividend or other monies payable to any member of the Company all sums of money (if any) presently payable by him to the Company on account of calls, instalments or otherwise.

No dividend shall carry interest against the Company.

Whenever the Directors or the Company in general meeting have resolved that a dividend be paid or declared on the share capital of the Company, the Directors may further resolve: (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up on the basis that the shares so allotted are to be of the same class as the class already held by the allottee, provided that the members of the Company entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment; or (b) that the members of the Company entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Directors may think fit on the basis that the shares so allotted are to be of the same class as the class already held by the allottee. The Company may upon the recommendation of the Directors by ordinary

resolution resolve in respect of any one particular dividend of the Company that notwithstanding the foregoing a dividend may be satisfied wholly in the form of an allotment of shares credited as fully paid without offering any right to members of the Company to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to a holder of shares may be paid by cheque or warrant sent through the post addressed to the registered address of the member of the Company entitled, or in the case of joint holders, to the registered address of the person whose name stands first in the register of members of the Company in respect of the joint holding or to such person and to such address as the holder or joint holders may in writing direct. Every cheque or warrant so sent shall be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register of members of the Company in respect of such shares, and shall be sent at his or their risk and the payment of any such cheque or warrant by the bank on which it is drawn shall operate as a good discharge to the Company in respect of the dividend and/or bonus represented thereby, notwithstanding that it may subsequently appear that the same has been stolen or that any endorsement thereon has been forged. The Company may cease sending such cheques for dividend entitlements or dividend warrants by post if such cheques or warrants have been left uncashed on two consecutive occasions. However, the Company may exercise its power to cease sending cheques for dividend entitlements or dividend warrants after the first occasion on which such a cheque or warrant is returned undelivered. Any one of two or more joint holders may give effectual receipts for any dividends or other monies payable or property distributable in respect of the shares held by such joint holders.

Any dividend unclaimed for six years from the date of declaration of such dividend may be forfeited by the Directors and shall revert to the Company.

The Directors may, with the sanction of the members of the Company in general meeting, direct that any dividend be satisfied wholly or in part by the distribution of specific assets of any kind, and in particular of paid up shares, debentures or warrants to subscribe securities of any other company, and where any difficulty arises in regard to such distribution the Directors may settle it as they think expedient, and in particular may disregard fractional entitlements, round the same up or down or provide that the same shall accrue to the benefit of the Company, and may fix the value for distribution of such specific assets and may determine that cash payments shall be made to any members of the Company upon the footing of the value so fixed in order to adjust the rights of all parties, and may vest any such specific assets in trustees as may seem expedient to the Directors.

2.16 Proxies

Any member of the Company entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person who must be an individual as his proxy to attend and vote instead of him and a proxy so appointed shall have the same right as the member to speak at the meeting. A proxy need not be a member of the Company.

Instruments of proxy shall be in common form or in such other form as the Directors may from time to time approve provided that it shall enable a member to instruct his proxy to vote in favour of or against (or in default of instructions or in the event of conflicting instructions, to exercise his discretion in respect of) each resolution to be proposed at the meeting to which the form of proxy relates. The instrument of proxy shall be deemed to confer authority to vote on any amendment of a resolution put to the meeting for which it is given as the proxy thinks fit. The instrument of proxy shall, unless the contrary is stated therein, be valid as well for any adjournment of the meeting as for the meeting to which it relates provided that the meeting was originally held within 12 months from such date.

The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney authorised in writing or if the appointor is a corporation either under its seal or under the hand of an officer, attorney or other person authorised to sign the same.

The instrument appointing a proxy and (if required by the Directors) the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, shall be delivered at the registered office of the Company (or at such other place as may be specified in the notice convening the meeting or in any notice of any adjournment or, in either case, in any document sent therewith) not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote or, in the case of a poll taken subsequently to the date of a meeting or adjourned meeting, not less than 48 hours before the time appointed for the taking of the poll and in default the instrument of proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiration of 12 months from the date named in it as the date of its execution. Delivery of any instrument appointing a proxy shall not preclude a member of the Company from attending and voting in person at the meeting or poll concerned and, in such event, the instrument appointing a proxy shall be deemed to be revoked.

2.17 Calls on shares and forfeiture of shares

The Directors may from time to time make calls upon the members of the Company in respect of any monies unpaid on their shares (whether on account of the nominal amount of the shares or by way of premium or otherwise) and not by the conditions of allotment thereof made payable at fixed times and each member of the Company shall (subject to the Company serving upon him at least 14 days' notice specifying the time and place of payment and to whom such payment shall be made) pay to the person at the time and place so specified the amount called on his shares. A call may be revoked or postponed as the Directors may determine. A person upon whom a call is made shall remain liable on such call notwithstanding the subsequent transfer of the shares in respect of which the call was made.

A call may be made payable either in one sum or by instalments and shall be deemed to have been made at the time when the resolution of the Directors authorising the call was passed. The joint holders of a share shall be jointly and severally liable to pay all calls and instalments due in respect of such share or other monies due in respect thereof.

If a sum called in respect of a share shall not be paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest on the sum from the day appointed for payment thereof to the time of actual payment at such rate, not exceeding 15% per annum, as the Directors may determine, but the Directors shall be at liberty to waive payment of such interest wholly or in part.

If any call or instalment of a call remains unpaid on any share after the day appointed for payment thereof, the Directors may at any time during such time as any part thereof remains unpaid serve a notice on the holder of such shares requiring payment of so much of the call or instalment as is unpaid together with any interest which may be accrued and which may still accrue up to the date of actual payment.

The notice shall name a further day (not being less than 14 days from the date of service of the notice) on or before which, and the place where, the payment required by the notice is to be made, and shall state that in the event of non-payment at or before the time and at the place appointed, the shares in respect of which such call was made or instalment is unpaid will be liable to be forfeited.

If the requirements of such notice are not complied with, any share in respect of which such notice has been given may at any time thereafter, before payment of all calls or instalments and interest due in respect thereof has been made, be forfeited by a resolution of the Directors to that effect. Such forfeiture shall include all dividends and bonuses declared in respect of the forfeited shares and not actually paid before the forfeiture. A forfeited share shall be deemed to be the property of the Company and may be re-allotted, sold or otherwise disposed of.

A person whose shares have been forfeited shall cease to be a member of the Company in respect of the forfeited shares but shall, notwithstanding the forfeiture, remain liable to pay to the Company all monies which at the date of forfeiture were payable by him to the Company in respect of the shares, together with (if the Directors shall in their discretion so require) interest thereon at such rate not exceeding 15% per annum as the Directors may prescribe from the date of forfeiture until payment, and the Directors may enforce payment thereof without being under any obligation to make any allowance for the value of the shares forfeited, at the date of forfeiture.

2.18 Inspection of register of members

The register of members of the Company shall be kept in such manner as to show at all times the members of the Company for the time being and the shares respectively held by them. The register may, on 10 business days' notice (or on 6 business days' notice in the case of a rights issue) being given by advertisement published on the Stock Exchange's website, or, subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association or by advertisement published in the newspapers, be closed at such times and for such periods as the Directors may from time to time determine either generally or in respect of any class of shares, provided that the register shall not be closed for more than 30 days in any year (or such longer period as the members of the Company may by ordinary resolution determine provided that such period shall not be extended beyond 60 days in any year).

Any register of members kept in Hong Kong shall during normal business hours (subject to such reasonable restrictions as the Directors may impose) be open to inspection by any member of the Company without charge and by any other person on payment of a fee of such amount not exceeding the maximum amount as may from time to time be permitted under the Listing Rules as the Directors may determine for each inspection.

2.19 Quorum for meetings and separate class meetings

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the appointment, choice or election of a chairman which shall not be treated as part of the business of the meeting.

Two members of the Company present in person or by proxy shall be a quorum provided always that if the Company has only one member of record the quorum shall be that one member present in person or by proxy.

A corporation being a member of the Company shall be deemed for the purpose of the Articles of Association to be present in person if represented by its duly authorised representative being the person appointed by resolution of the directors or other governing body of such corporation or by power of attorney to act as its representative at the relevant general meeting of the Company or at any relevant general meeting of any class of members of the Company.

The quorum for a separate general meeting of the holders of a separate class of shares of the Company is described in paragraph 2.4 above.

2.20 Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles of Association concerning the rights of minority shareholders in relation to fraud or oppression.

2.21 Procedure on liquidation

If the Company shall be wound up, and the assets available for distribution amongst the members of the Company as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members of the Company in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively. If in a winding up the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed amongst the members of the Company in proportion to the capital paid up at the commencement of the winding up on the shares held by them respectively. The foregoing is without prejudice to the rights of the holders of shares issued upon special terms and conditions.

If the Company shall be wound up, the liquidator may with the sanction of a special resolution of the Company and any other sanction required by the Companies Law, divide amongst the members of the Company in specie or kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and may, for such purpose, set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members of the Company. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the members of the Company as the liquidator, with the like sanction and subject to the Companies Law, shall think fit, but so that no member of the Company shall be compelled to accept any assets, shares or other securities in respect of which there is a liability.

2.22 Untraceable members

The Company shall be entitled to sell any shares of a member of the Company or the shares to which a person is entitled by virtue of transmission on death or bankruptcy or operation of law if: (a) all cheques or warrants, not being less than three in number, for any sums payable in cash to the holder of such shares have remained uncashed for a period of 12 years; (b) the Company has not during that time or before the expiry of the three month period referred to in (d) below received any indication of the whereabouts or existence of the member; (c) during the 12 year period, at least three dividends in respect of the shares in question have become payable and no dividend during that period has been claimed by the member; and (d) upon expiry of the 12 year period, the Company has caused an advertisement to be published in the newspapers or subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association, giving notice of its intention to sell such shares and a period of three months has elapsed since such advertisement and the Stock Exchange has been notified of such intention. The net proceeds of any such sale shall belong to the Company and upon receipt by the Company of such net proceeds it shall become indebted to the former member for an amount equal to such net proceeds.

SUMMARY OF CAYMAN ISLANDS COMPANY LAW AND TAXATION

1 Introduction

The Companies Law is derived, to a large extent, from the older Companies Acts of England, although there are significant differences between the Companies Law and the current Companies Act of England. Set out below is a summary of certain provisions of the Companies Law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of corporate law and taxation which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

2 Incorporation

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 24 December 2014 under the Companies Law. As such, its operations must be conducted mainly outside the Cayman Islands. The Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the size of its authorised share capital.

3 Share Capital

The Companies Law permits a company to issue ordinary shares, preference shares, redeemable shares or any combination thereof.

The Companies Law provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premia on those shares shall be transferred to an account called the "share premium account". At the option of a company, these provisions may not apply to premia on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The Companies Law provides that the share premium account may be applied by a company, subject to the provisions, if any, of its memorandum and articles of association, in such manner as the company may from time to time determine including, but without limitation:

- (a) paying distributions or dividends to members;
- (b) paying up unissued shares of the company to be issued to members as fully paid bonus shares;
- (c) in the redemption and repurchase of shares (subject to the provisions of section 37 of the Companies Law);
- (d) writing-off the preliminary expenses of the company;
- (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company; and
- (f) providing for the premium payable on redemption or purchase of any shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid the company will be able to pay its debts as they fall due in the ordinary course of business.

The Companies Law provides that, subject to confirmation by the Grand Court of the Cayman Islands, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, by special resolution reduce its share capital in any way.

Subject to the detailed provisions of the Companies Law, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder. In addition, such a company may, if authorised to do so by its

articles of association, purchase its own shares, including any redeemable shares. The manner of such a purchase must be authorised either by the articles of association or by an ordinary resolution of the company. The articles of association may provide that the manner of purchase may be determined by the directors of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any member of the company holding shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company for the purchase of, or subscription for, its own or its holding company's shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and to act in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm's-length basis.

4 Dividends and Distributions

With the exception of section 34 of the Companies Law, there are no statutory provisions relating to the payment of dividends. Based upon English case law which is likely to be persuasive in the Cayman Islands in this area, dividends may be paid only out of profits. In addition, section 34 of the Companies Law permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account (see paragraph 3 above for details).

5 Shareholders' Suits

The Cayman Islands courts can be expected to follow English case law precedents. The rule in *Foss v. Harbottle* (and the exceptions thereto which permit a minority shareholder to commence a class action against or derivative actions in the name of the company to challenge (a) an act which is *ultra vires* the company or illegal, (b) an act which constitutes a fraud against the minority where the wrongdoers are themselves in control of the company, and (c) an action which requires a resolution with a qualified (or special) majority which has not been obtained) has been applied and followed by the courts in the Cayman Islands.

6 Protection of Minorities

In the case of a company (not being a bank) having a share capital divided into shares, the Grand Court of the Cayman Islands may, on the application of members holding not less than one-fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Grand Court shall direct.

Any shareholder of a company may petition the Grand Court of the Cayman Islands which may make a winding up order if the court is of the opinion that it is just and equitable that the company should be wound up.

Claims against a company by its shareholders must, as a general rule, be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

The English common law rule that the majority will not be permitted to commit a fraud on the minority has been applied and followed by the courts of the Cayman Islands.

7 Disposal of Assets

The Companies Law contains no specific restrictions on the powers of directors to dispose of assets of a company. As a matter of general law, in the exercise of those powers, the directors must discharge their duties of care and to act in good faith, for a proper purpose and in the interests of the company.

8 Accounting and Auditing Requirements

The Companies Law requires that a company shall cause to be kept proper books of account with respect to:

- (a) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place;
- (b) all sales and purchases of goods by the company; and
- (c) the assets and liabilities of the company.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

9 Register of Members

An exempted company may, subject to the provisions of its articles of association, maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as its directors may from time to time think fit. There is no requirement under the Companies Law for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection.

10 Inspection of Books and Records

Members of a company will have no general right under the Companies Law to inspect or obtain copies of the register of members or corporate records of the company. They will, however, have such rights as may be set out in the company's articles of association.

11 Special Resolutions

The Companies Law provides that a resolution is a special resolution when it has been passed by a majority of at least two-thirds of such members as, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given, except that a company may in its articles of association specify that the required majority shall be a number greater than two-thirds, and may additionally so provide that such majority (being not less than two-thirds) may differ as between matters required to be approved by a special resolution. Written resolutions signed by all the members entitled to vote for the time being of the company may take effect as special resolutions if this is authorised by the articles of association of the company.

12 Subsidiary Owning Shares in Parent

The Companies Law does not prohibit a Cayman Islands company acquiring and holding shares in its parent company provided its objects so permit. The directors of any subsidiary making such acquisition must discharge their duties of care and to act in good faith, for a proper purpose and in the interests of the subsidiary.

13 Mergers and Consolidations

The Companies Law permits mergers and consolidations between Cayman Islands companies and between Cayman Islands companies and non-Cayman Islands companies. For these purposes, (a) "merger" means the merging of two or more constituent companies and the vesting of their undertaking, property and liabilities in one of such companies as the surviving company, and (b) "consolidation" means the combination of two or more constituent companies into a consolidated company and the vesting of the undertaking, property and liabilities of such companies to the consolidated company. In order to effect such a merger or consolidation, the directors of each constituent company must approve a written plan of merger or consolidation, which must then be authorised by (a) a special resolution of each constituent company and (b) such other authorisation, if any, as may be specified in such constituent company's articles of association. The written plan of merger or consolidation must be filed with the Registrar of Companies of the Cayman Islands together with a declaration as to the solvency of the consolidated or surviving company, a list of the assets and liabilities of each constituent company and an undertaking that a copy of the certificate of merger or consolidation will be given to the members and creditors of each constituent company and that notification of the merger or consolidation will be published in the Cayman Islands Gazette. Dissenting shareholders have the right to be paid the fair value of their shares (which, if not agreed between the parties, will be determined by the Cayman Islands court) if they follow the required procedures, subject to certain exceptions. Court approval is not required for a merger or consolidation which is effected in compliance with these statutory procedures.

14 Reconstructions

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing 75% in value of shareholders or creditors, depending on the circumstances, as are present at a meeting called for such purpose and thereafter sanctioned by the Grand Court of the Cayman Islands. Whilst a dissenting shareholder would have the right to express to the Grand Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Grand Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management and if the transaction were approved and consummated the dissenting shareholder would have no rights comparable to the appraisal rights (i.e. the right to receive payment in cash for the judicially determined value of his shares) ordinarily available, for example, to dissenting shareholders of United States corporations.

15 Take-overs

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than 90% of the shares which are the subject of the offer accept, the offeror may at any time within two months after the expiration of the said four months, by notice require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Grand Court of the Cayman Islands within one month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Grand Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

16 Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Cayman Islands courts to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

17 Liquidation

A company may be placed in liquidation compulsorily by an order of the court, or voluntarily (a) by a special resolution of its members if the company is solvent, or (b) by an ordinary resolution of its members if the company is insolvent. The liquidator's duties are to collect the assets of the company (including the amount (if any) due from the contributories (shareholders)), settle the list of creditors and discharge the company's liability to them, rateably if insufficient assets exist to discharge the liabilities in full, and to settle the list of contributories and divide the surplus assets (if any) amongst them in accordance with the rights attaching to the shares.

18 Stamp Duty on Transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

19 Taxation

Pursuant to section 6 of the Tax Concessions Law (2018 Revision) of the Cayman Islands, the Company may obtain an undertaking from the Financial Secretary of the Cayman Islands:

- (a) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciations shall apply to the Company or its operations; and
- (b) in addition, that no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable:
 - (i) on or in respect of the shares, debentures or other obligations of the Company; or
 - (ii) by way of the withholding in whole or in part of any relevant payment as defined in section 6(3) of the Tax Concessions Law (2018 Revision).

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are not party to any double tax treaties that are applicable to any payments made by or to the Company.

20 Exchange Control

There are no exchange control regulations or currency restrictions in the Cayman Islands.

21 General

Maples and Calder (Hong Kong) LLP, the Company's legal advisers on Cayman Islands law, have sent to the Company a letter of advice summarising aspects of Cayman Islands company law. This letter, together with a copy of the Companies Law, is available for inspection as referred to in the section headed "Documents Delivered to the Registrar of Companies and Available for Public Inspection in Hong Kong" in Appendix V to this prospectus. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he/she is more familiar is recommended to seek independent legal advice.

A. FURTHER INFORMATION ABOUT OUR GROUP**1. Incorporation of our Company**

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on 24 December 2014 under the Cayman Islands Company Law. We have established a principal place of business in Hong Kong at Room 1901, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong and have applied to be registered as a non-Hong Kong company under Part 16 of the Companies Ordinance under the same address. Ms. Yee Man WONG has been appointed as our authorised representative under the Companies Ordinance for the acceptance of service of process and notices on our behalf in Hong Kong.

As we were incorporated in the Cayman Islands, our operations are subject to the Cayman Islands Companies Law as well as the Memorandum of Association and the Articles of Association. A summary of certain provisions of the Memorandum and the Articles and relevant aspects of the Cayman Islands Company Law is set out “Summary of the Constitution of our Company and Cayman Islands Company Law” in Appendix III to this prospectus.

2. Changes in share capital of our Company

As of the date of incorporation of our Company, our Company had an authorised share capital of US\$50,000 divided into 50,000 ordinary shares of a par value of US\$1.00 each. The following sets out the changes in our Company’s share capital within the two years immediately preceding the date of this prospectus.

Upon incorporation, one ordinary share of a par value of US\$1.00 each was allotted and issued for cash at par to an independent third party as first subscriber. On the same day, such share was transferred to NHPEA at par. On 30 April 2015, 100 ordinary shares of a par value of US\$1.00 each were further allotted to NHPEA. As of the Latest Practicable Date, the issued share capital of our Company was US\$101 divided into 101 ordinary shares of a par value of US\$1.00 each, all fully paid or credited as fully paid.

On 14 October 2019, the authorised share capital of the Company was conditionally changed from US\$50,000 divided into 50,000 Shares of a par value of US\$1.00 each to US\$50,000,000 divided into 5,000,000,000 Shares of a par value of US\$0.01 each by: subdivision of each issued and unissued Shares of a par value of US\$1.00 each in the authorised share capital of the Company into 100 Shares of a par value of US\$0.01 each; and creation of an additional 4,995,000,000 Shares of a par value of US\$0.01 each ranking pari passu in all respects with the existing Shares in the Company, such that the authorised share capital of the Company shall be US\$50,000,000 divided into 5,000,000,000 Shares of a par value of US\$0.01 each.

On 14 October 2019, the sole Shareholder conditionally approved to capitalise US\$4,124,899 standing to the credit of the share premium account of the Company by applying such sum to pay up in full at par 412,489,900 Shares; such Shares were allotted and issued to the persons whose names appear on the register of members of the Company at the close of business on the date immediately preceding the date on which the Global Offering becoming unconditional in proportion to their respective shareholdings (as nearly as possible without involving fractions) in the Company in accordance with the direction of such members.

Immediately following the Global Offering (assuming the Over-allotment Option is not exercised and without taking into account any Shares to be allotted and issued upon exercise of any options under the 2015 Stock Option Plan), the issued share capital of our Company will be US\$5,000,000 divided into 500,000,000 Shares of US\$0.01 each, all fully paid or credited as fully paid, and 4,500,000,000 Shares will remain unissued.

Save as disclosed in this prospectus, there has been no alteration in the share capital of our Company within two years immediately preceding the date of this prospectus.

3. No change in share capital of our subsidiaries

There have been no alteration in the share capital of our subsidiaries within two years immediately preceding the date of this prospectus. Further information on our subsidiaries is set forth in the Accountant's Report, the text of which is set forth in Appendix I to this prospectus.

4. Resolutions passed by our sole Shareholder

Pursuant to written resolutions of our sole Shareholder dated 14 October 2019:

- (a) the Memorandum and the Articles were approved and adopted to take effect on the Listing Date;
- (b) conditional upon all the conditions set out in "Structure of the Global Offering — Conditions of the Hong Kong Public Offering" in this prospectus being fulfilled:
 - (i) the authorised share capital of the Company be changed from US\$50,000 divided into 50,000 Shares of a par value of US\$1.00 each to US\$50,000,000 divided into 5,000,000,000 Shares of a par value of US\$0.01 each by: subdivision of each issued and unissued Shares of a par value of US\$1.00 each in the authorised share capital of the Company into 100 Shares of a par value of US\$0.01 each; and creation of an additional 4,995,000,000 Shares of a par value of US\$0.01 each ranking pari passu in all respects with the existing Shares in the Company, such that the authorised share capital of the Company shall be US\$50,000,000 divided into 5,000,000,000 Shares of a par value of US\$0.01 each;
 - (ii) following the change in authorised share capital of our Company as referred to in paragraph (i) above and conditional on the share premium account of our Company having sufficient balance, or otherwise being credited as a result of the issue of the Offer Shares by our Company pursuant to the Global Offering, the Board (or any committee thereof established by the Board pursuant to the Articles) were authorised to capitalise US\$4,124,899 standing to the credit of the share premium account of our Company by applying such sum to pay up in full at par 412,489,900 Shares for allotment and issue to the persons whose names

- appear on the register of members of our Company at the close of business on the date immediately preceding the date on which the Global Offering becoming unconditional in proportion to their respective shareholdings (as nearly as possible without involving fractions) in our Company in accordance with the direction of such member;
- (iii) the Global Offering and the Over-allotment Option were approved and the Board (or any committee thereof established by the Board pursuant to the Articles) was authorised to make or effect such modifications as it thinks fit;
 - (iv) the Board (or any committee thereof established by the Board pursuant to the Articles) was authorised to allot, issue and approve the transfer of such number of Shares in connection with the Global Offering; and
 - (v) the Board (or any committee thereof established by the Board pursuant to the Articles) was authorised to agree to the Offer price per Offer Share with the Joint Bookrunners;
- (c) a general unconditional mandate was given to our Directors to exercise all the powers of our Company to allot, issue and deal with Shares or securities convertible into Shares and to make or grant offers or agreements or options (including any warrants, bonds, notes and debentures conferring any rights to subscribe for or otherwise receive Shares) which might require Shares to be allotted, issued or dealt with, otherwise than pursuant to a rights issue or pursuant to the exercise of any subscription rights attaching to any warrants which may be allotted and issued by our Company from time to time on a specific authority granted by the Shareholders in general meeting or, pursuant to the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Articles, Shares not exceed 20% of the aggregate nominal value of the Shares in issue immediately following completion of the Global Offering, such mandate to remain in effect until the conclusion of the next annual general meeting of our Company, or the expiration of the period within which the next annual general meeting of our Company is required to be held by the Articles or any applicable laws, or until revoked or varied by an ordinary resolution of Shareholders in general meeting, whichever is the earliest;
- (d) a general unconditional mandate was given to our Directors authorising them to exercise all the powers of our Company to repurchase its own Shares on the Stock Exchange or on any other approved stock exchange on which the securities of our Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, such number of Shares will represent up to 10% of the aggregate nominal value of the Shares in issue immediately following the completion of the Global Offering, such mandate to remain in effect until the conclusion of the next annual general meeting of our Company, or the expiration of the period within which the next annual general meeting

of our Company is required to be held by the Articles or any applicable laws, or until revoked or varied by an ordinary resolution of Shareholders in general meeting, whichever occurs first; and

- (e) the general mandate mentioned in paragraph (c) above be extended by the addition to the aggregate nominal value of the share capital of our Company which may be allotted, or agreed conditionally or unconditionally to be allotted and issued by our Directors pursuant to such general mandate of an amount representing the aggregate nominal value of the share capital of our Company repurchased by our Company pursuant to the mandate to purchase shares referred to in paragraph (d) above.

5. Repurchases of our own securities

(a) *Provisions of the Listing Rules*

The Listing Rules permit companies with a primary listing on the Stock Exchange to repurchase their securities on the Stock Exchange subject to certain restrictions, the more important of which are summarised below:

(i) *Shareholders' Approval*

All proposed repurchases of securities (which must be fully paid up in the case of shares) by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of the shareholders in general meeting, either by way of general mandate or by specific approval of a particular transaction.

Pursuant to a written resolution passed by our then sole Shareholder on 14 October 2019, a general unconditional mandate (the "Repurchase Mandate") was given to our Directors authorising any repurchase by our Company of Shares on the Stock Exchange or on any other stock exchange on which the securities may be listed and which is recognized by the SFC and the Stock Exchange for this purpose, of not more than 10% of the aggregate nominal value of our Company's share capital in issue immediately following the completion of the Global Offering (without taking into account any Shares to be issued upon the exercise of the options which may be granted under the 2015 Stock Option Plan), such mandate to expire at the conclusion of our next annual general meeting, the date by which our next annual general meeting is required by the Cayman Companies Law or by our Articles or any other applicable laws of the Cayman Islands to be held or when revoked or varied by an ordinary resolution of Shareholders in general meeting, whichever first occurs.

(ii) *Source of funds*

Repurchases must be funded out of funds legally available for the purpose in accordance with the Articles and the applicable laws and regulations of the Cayman Islands. A listed company may not repurchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange.

(iii) *Trading restrictions*

The total number of Shares which our Company may repurchase is up to 10% of the total number of our Shares in issue immediately after the completion of the Global Offering. Our Company may not issue or announce a proposed issue of Shares for a period of 30 days immediately following a repurchase of Shares without the prior approval of the Stock Exchange. Our Company is also prohibited from repurchasing Shares on the Stock Exchange if the repurchase would result in the number of listed Shares which are in the hands of the public falling below the relevant prescribed minimum percentage as required by the Stock Exchange. Our Company is required to procure that the broker appointed by our Company to effect a repurchase of Shares discloses to the Stock Exchange such information with respect to the repurchase as the Stock Exchange may require. As required by the prevailing requirements of the Listing Rules, an issuer shall not purchase its shares on the Stock Exchange if the purchase price is higher by 5% or more than the average closing market price for the five preceding trading days on which its shares were traded on the Stock Exchange.

(iv) *Status of repurchased Shares*

All repurchased securities (whether effected on the Stock Exchange or otherwise) will be automatically delisted and the certificates for those securities must be cancelled and destroyed. Under Cayman Islands Company Law, a company's repurchased shares shall be treated as cancelled and the amount of our Company's issued share capital shall be reduced by the aggregate par value of the repurchased shares accordingly although the authorised share capital of our Company will not be reduced.

(v) *Suspension of repurchase*

Pursuant to the Listing Rules, our Company may not make any repurchases of Shares after inside information has come to its knowledge until the information is made publicly available. In particular, under the requirements of the Listing Rules in force as of the date hereof, during the period of one month immediately preceding the earlier of (a) the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of our Company's results

for any year, half year, quarterly or any other interim period (whether or not required under the Listing Rules); and (b) the deadline for publication of an announcement of our Company's results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), our Company may not repurchase Shares on the Stock Exchange other than in exceptional circumstances. In addition, the Stock Exchange may prohibit a repurchase of securities on the Stock Exchange if a listed company has breached the Listing Rules.

(vi) Procedural and reporting requirements

As required by the Listing Rules, repurchases of Shares on the Stock Exchange or otherwise must be reported to the Stock Exchange not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the Stock Exchange business day following any day on which our Company may make a purchase of Shares. The report must state the total number of Shares purchased the previous day, the purchase price per Share or the highest and lowest prices paid for such purchases. In addition, our Company is required to disclose in our annual report the details regarding repurchases of Shares made during the year, including a monthly analysis of the number of Shares repurchased, the purchase price per Share or the highest and lowest price paid for all such purchases, where relevant, and the aggregate prices paid.

(vii) Connected parties

A listed company is prohibited from knowingly repurchasing securities on the Stock Exchange from a core connected person (as defined in the Listing Rules) and a core connected person shall not knowingly sell its securities to our Company on the Stock Exchange.

(b) Reasons for repurchases

Our Directors believe that it is in the best interests of our Company and Shareholders for our Directors to have general authority from the Shareholders to enable our Directors to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made where our Directors believe that such repurchases will benefit our Company and our Shareholders.

(c) Funding of repurchases

In repurchasing shares, our Company may only apply funds legally available for such purpose in accordance with the Articles, the Listing Rules and the applicable laws and regulations of the Cayman Islands.

On the basis of the current financial position of our Group as disclosed in this prospectus and taking into account the current working capital position, our Directors consider that, if the Repurchase Mandate were to be exercised in full, it might have a material adverse effect on the working capital and/or the gearing position of our Group as compared with the position disclosed in this prospectus. However, our Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements or the gearing levels of our Group which in the opinion of our Directors are from time to time appropriate for our Group.

The exercise in full of the Repurchase Mandate, on the basis of 500,000,000 Shares in issue immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised and without taking into account any Shares to be allotted and issued upon exercise of any options under the 2015 Stock Option Plan), would result in up to 50,000,000 Shares being repurchased by our Company during the period in which the Repurchase Mandate remains in force.

(d) General

None of our Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their close associates currently intends to sell Shares to our Company.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the repurchase mandate in accordance with the Listing Rules and the applicable laws and regulations of the Cayman Islands.

No core connected person has notified our Company that he or she has a present intention to sell Shares to our Company, or has undertaken not to do so, if the Repurchase Mandate is exercised.

If, as a result of any repurchase of Shares, a Shareholder's proportionate interest in the voting rights of our Company increases, such increase will be treated as an acquisition for the purpose of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with rule 26 of the Takeovers Code. Save as aforesaid, our Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the Repurchase Mandate.

Any repurchase of Shares which results in the number of Shares held by the public being reduced to less than 25% of our Shares then in issue could only be implemented with the approval of the Stock Exchange to waive the Listing Rules requirements regarding the public shareholding referred to above. It is believed that a waiver of this provision would not normally be given other than in exceptional circumstances.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of Material Contracts

We have entered into the following contracts (not being contracts entered into in our ordinary course of business) within the two years preceding the date of this prospectus, which are or may be material:

- (a) the Deed of Indemnity; and
- (b) the Hong Kong Underwriting Agreement.

2. Intellectual property rights of our Group

(a) Trademarks

As of the Latest Practicable Date, we had registered the following trademarks which we consider to be material to our business:

No.	Trademark	Place of registration	Registered owner	Class	Date of registration	Registration number
1.	 	Singapore	Home Control Singapore	42	16 October 2015	40201517909Y
2.		PRC	Home Control Suzhou	9	7 December 2016	17621294
3.		PRC	Home Control Suzhou	42	21 December 2016	17915999
4.		PRC	Home Control Suzhou	42	28 October 2016	17916000
5.	   	Hong Kong	The Company	16	8 April 2019	304883545

(b) Patents

As of the Latest Practicable Date, we had registered the following patents which we consider to be material to our business:

No.	Patent title	Place of registration	Patentee	Expiry date	Patent number
1.	Remote control extension with limited command duration (具有受限命令持續時間的遙控擴展)	PRC	Home Control Singapore	12 December 2026	200680048369.3
2.	Method of programming a universal remote control (編程通用遙控器的方法)	PRC	Home Control Singapore	5 March 2027	200780009323.5
		U.S.	Home Control Singapore	11 December 2029	8378875
3.	Remote control codes (遠程控制代碼)	Europe	Home Control Singapore	17 February 2029 ^(Note)	2247924
		U.S.	Home Control Singapore	14 September 2029	8354949
4.	Code set determination for a remote control (用於遙控器的代碼集確定方法和遙控器)	Europe	Home Control Singapore	19 February 2030 ^(Note)	2401863
		PRC	Home Control Singapore	19 February 2030	201080009723.8
		U.S.	Home Control Singapore	17 April 2031	8878716
5.	Programming a universal remote control (用於對通用遙控器進行編程的方法和系統)	Europe	Home Control Singapore	30 May 2031 ^(Note)	2577638
		PRC	Home Control Singapore	30 May 2031	201180027647.8
		U.S.	Home Control Singapore	18 January 2032	9087448
6.	Modular keyboard assembly (模塊化鍵盤組建)	Europe	Home Control Singapore	6 July 2031 ^(Note)	2591486

No.	Patent title	Place of registration	Patentee	Expiry date	Patent number
7.	Nested key assembly (套疊的鍵組件)	Europe	Home Control Singapore	7 March 2032 ^(Note)	2686858
		PRC	Home Control Singapore	7 March 2032	201280013209.0
		U.S.	Home Control Singapore	7 March 2032	9496103
8.	Two-shot injection molded housing with seats for keycaps in user-interface (具有用於用戶接口中的鍵帽的底座的雙射注塑成型外殼)	Europe	Home Control Singapore	14 June 2033 ^(Note)	2864855
		PRC	Home Control Singapore	14 June 2033	201380032400.4
		U.S.	Home Control Singapore	14 June 2033	9263210
9.	Handheld information processing device with remote control output mode (具有遙控輸出模式的手持式信息處理設備)	Europe	Home Control Singapore	20 September 2033 ^(Note)	2898492
		U.S.	Home Control Singapore	23 May 2034	9823635
10.	User-interface for entering alphanumerical characters (用於鍵入字母數字字符的用戶接口)	Europe	Home Control Singapore	23 May 2033 ^(Note)	2856301
		PRC	Home Control Singapore	23 May 2033	201380029357.6
		Japan	Home Control Singapore	23 May 2033	6234445
11.	Remote control for first and second apparatus (用於第一和第二裝置的遠程控制的設備和系統)	U.S.	Home Control Singapore	15 April 2034	9693090
		PRC	Home Control Singapore	15 April 2034	201480022098.9
		Europe	Home Control Singapore	15 April 2034 ^(Note)	2987333
12.	Locking mechanism and openable container comprising the same	Europe	Home Control Singapore	21 October 2034 ^(Note)	3012883
13.	Device having a single-sided printed circuit board (具有單側印刷電路板的設備)	Europe	Home Control Singapore	25 August 2034 ^(Note)	2991459
		U.S.	Home Control Singapore	8 September 2035	10206282

Note:

Provided that annual maintenance fees are duly paid in European states where the patent has been validated.

As of the Latest Practicable Date, we had applied for the registration of the following patent which are the subject of pending applications for registration and which we consider to be material to our business:

No.	Patent title	Place/ Organisation of filing	Applicant	Date of application	Application number
1.	Method of programming a universal remote control	European Patent Office	Home Control Singapore	5 March 2007	07713195.1
2.	Handheld information processing device with remote control output mode (具有遙控輸出模式的手持式信息處理設備)	PRC	Home Control Singapore	20 September 2013	201380049029.2
3.	System for installing software on a small-memory device (用於在小存儲器設備上安裝軟件的系統)	European Patent Office	Home Control Singapore	11 June 2014	14171873.4
		U.S.	Home Control Singapore	17 October 2016	15304684
		PRC	Home Control Singapore	10 June 2015	201580031255.7
4.	Device having a single-sided printed circuit board (具有單側印刷電路板的設備)	PRC	Home Control Singapore	24 August 2015	201580045626.7
5.	Subtle user recognition (使用者識別設備及使用者識別方法)	Taiwan Patent	Home Control Singapore	23 August 2018	107129479
		Cooperation Treaty	Home Control Singapore	29 August 2017	PCT/SG2017/050426

No.	Patent title	Place/ Organisation of filing	Applicant	Date of application	Application number
6.	Method and apparatus for recognizing user to provide personalized guide, content and services, and targeted advertisement without intentional user registration (用於識別用戶以提供個人化引導、內容及服務以及目標廣告而不須有意用戶註冊的方法及其設備)	Taiwan	Home Control Singapore	29 August 2018	107130146
Patent Cooperation Treaty		Home Control Singapore	28 August 2018	PCT/SG2018/050432	

(c) *Domain name*

As of the Latest Practicable Date, we had registered the following domain name which we consider to be material to our business:

Registered owner	Domain name	Date of registration	Expiry date
Home Control Singapore	http://www.omniremotes.com/	12 June 2015	12 June 2024

C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Disclosure of interests

(a) Interests of Directors and chief executive of our Company

Immediately following completion of the Global Offering (assuming the Over-allotment Option is not exercised and without taking into account any Shares to be allotted and issued upon exercise of any options under the 2015 Stock Option Plan), the interests or short positions of our Directors and chief executive of our Company in the Shares, underlying Shares and debentures of our Company or its associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which will be required under Section 352 of the SFO to be entered in the register referred to in that section, or which will be required, under the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (“**Model Code**”), to be notified to our Company and the Stock Exchange, in each case once the Shares are listed on the Stock Exchange, will be as follows:

(i) Interest in the Shares

Name of Director	Capacity/ Nature of interest	Number of Shares or underlying Shares⁽¹⁾	Approximate percentage of interest in our Company upon completion of the Global Offering
Mr. Alain PERROT ⁽²⁾	Beneficial Owner	5,717,822	1.14%

Notes:

(1) All interests stated are long positions.

(2) Mr. Alain PERROT is interested in the management options granted under the 2015 Stock Option Plan to subscribe for 5,717,822 Shares.

(ii) Interest in associated corporation

Name of Director	Name of associated corporation	Number of shares interested ⁽¹⁾	Approximate percentage of interest in the associated corporation
Mr. Alain PERROT	Omni Brazil	100	1%
	NHPEA	N/A ⁽²⁾	1.45%

Notes:

- (1) All interests stated are long positions.
- (2) Mr. Alain PERROT's interest in NHPEA is a cash-settled derivative interest in NHPEA by way of an agreement between him and MSPEA IV L.L.C.

(b) Interests of the Substantial Shareholders

Save as disclosed in the section headed "Substantial Shareholders" in this prospectus, immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised and without taking into account any Shares to be allotted and issued upon exercise of any options under the 2015 Stock Option Plan), our Directors or chief executive of our Company are not aware of any other person (other than a Director or chief executive of our Company) who has an interest or short position in the Shares or the underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO.

(c) Interests of the substantial shareholders of any member of our Group (other than our Company)

So far as our Directors and chief executive of our Group are aware, no person (other than members of our Group) will, immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised and without taking into account any Shares to be allotted and issued upon exercise of any options under the 2015 Stock Option Plan), be directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group.

2. Particulars of Directors' Service Contracts

(a) *Directors' service contract and letters of appointment*

Our executive Director has entered into a service contract with our Company for a term of one year, and renewable automatically thereafter for successive terms of one year each until terminated by not less than three months' notice in writing served by either party on the other.

Each of our non-executive Directors and independent non-executive Directors has signed a letter of appointment with our Company for a term of one year, and renewable automatically thereafter for successive terms of one year each until terminated in accordance with the terms of the letter of appointment

Save as disclosed above, none of our Directors has or is proposed to enter into a service contract with any member of our Group other than contracts expiring or determinable by us within one year without the payment of compensation (other than statutory compensation).

(b) *Directors' remuneration*

The aggregate remuneration (including fees, salaries, allowances, benefits in kind, bonuses, pension scheme contributions and equity-settled share option expenses) paid to our Directors for FY2016, FY2017 and FY2018 were US\$0.4 million, US\$0.4 million and US\$0.5 million, respectively. Details of our Directors' remuneration are set out in note 8 of the Accountant's Report set out in Appendix I to this prospectus.

Save as disclosed in this prospectus, no other emoluments have been paid or are payable in respect of FY2016, FY2017 and FY2018 by any member of our Group to our Directors.

Under the arrangements currently in force, the aggregate remuneration payable to our Directors for FY2019 is estimated to be US\$0.4 million.

None of our Directors or any past directors of any member of our Group has been paid any sum of money for the Track Record Period (i) as an inducement to join or upon joining us or (ii) as a compensation for loss of office as a director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group.

There has been no arrangement under which a Director has waived or agreed to waive any remuneration for the Track Record Period.

3. Fees or commissions received

Save as disclosed in this prospectus, none of our Directors or any of the persons whose names are listed under the paragraph headed “E. Other Information – 9. Qualification of Experts” below had received any commissions, discounts, agency fee, brokerages or other special terms in connection with the issue or sale of any capital of any member of our Group within the two years immediately preceding the date of this prospectus.

4. Related party transactions

During the two years preceding the date of this prospectus, we have engaged in the significant transactions with related parties as described in note 31 to the Accountant’s Report set out in Appendix I to this prospectus.

5. Miscellaneous

Save as disclosed in this prospectus:

- (a) none of our Directors or chief executive of our Company has an interest or short positions in the Shares, underlying shares or debentures of our Company or any associated corporation (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to notify our Company and the Stock Exchange pursuant to the Model Code, in each case once our Shares are listed;
- (b) none of our Directors or any of the persons whose names are listed under the section headed “E. Other Information — 9. Qualification of Experts” below has any direct or indirect interest in the promotion of our Company or in any assets which have within two years immediately preceding the date of this prospectus been acquired or disposed of by or leased to any member of our Group or are proposed to be acquired or disposed of by or leased to any member of our Group;
- (c) none of our Directors or any of the persons whose names are listed under the paragraph headed “E. Other Information — 9. Qualification of Experts” below is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group taken as a whole; and

- (d) other than pursuant to the Underwriting Agreements, none of the parties listed in the paragraph headed “E. Other Information — 9. Qualification of Experts” below:
 - (i) is interested legally or beneficially in any of our Shares or any shares of any of our subsidiaries; or
 - (ii) has any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe securities in any member of our Group.

D. 2015 STOCK OPTION PLAN

(a) Summary

The following is a summary of the principal terms of the 2015 Stock Option Plan as approved by the Board on 1 May 2015. The 2015 Stock Option Plan is not subject to the provisions of Chapter 17 of the Listing Rules as the 2015 Stock Option Plan does not involve grant of options by our Company to subscribe for Shares after Listing.

(i) Purpose

The purpose of the 2015 Stock Option Plan is to enable our Company to attract and retain the best available personnel, to provide additional incentives to our employees, officers and Directors and to promote the success of our Company and its subsidiaries’ business.

On 1 May 2015, our Company, at nil consideration, granted to HCIL Master Option (the “**Master Option Grantee**”) an option (the “**Master Option**”) to purchase up to such number of Shares equal to 10% of the total number of the then outstanding Shares of our Company in a non-diluted basis (the “**Total Option Shares**”).

(ii) Who may join

Beneficial interest in the Master Option (the “**Management Option**”) may be granted to full-time employees, including such officers and Directors who are full-time employees, upon the vesting of any portion of the Master Option (the “**Management Option Grantee**”). An employee, officer or Director who has been granted a Management Option may, if otherwise eligible, be granted additional Management Options.

(iii) Maximum number of Shares may be issued

The maximum number of Shares may be issued under the 2015 Stock Option Plan shall, represent no more than 10% of the then outstanding Shares of our Company.

(iv) Administration

The 2015 Stock Option Plan is administered by the Board or the committee designated by the Board constituted in such a manner as to satisfy the applicable laws and company charter documents (the “**Administrator**”). Subject to applicable laws and provisions of the 2015 Stock Option Plan and except as otherwise provided by the Board, the Administrator shall have the authority, in its discretion, to:

- (1) select the employees, officers and Directors to whom the Management Options may be granted from time to time under the 2015 Stock Option Plan;
- (2) determine whether and to what extent the Management Options are granted under the 2015 Stock Option Plan;
- (3) determine the number of Shares or the amount of other consideration to be covered by each Management Option granted under the 2015 Stock Option Plan;
- (4) approve forms of Management Option Agreement (as defined below) for use under the 2015 Stock Option Plan;
- (5) determine the terms and conditions of any Master Option or Management Option granted under the 2015 Stock Option Plan (including the Notice of Management Option Grantee (as defined below) or any option agreement evidencing the grant of a Master Option executed by our Company and the Management Option Grantee);
- (6) amend the terms of any outstanding Master Option or Management Option granted under the 2015 Stock Option Plan, provided that any amendment that would materially and adversely affect the Master Option Grantee’s or the Management Option Grantee’s rights under an outstanding Master Option or Management Option shall not be made without the Master Option Grantee’s or the Management Option Grantee’s written consent;
- (7) construe and interpret the terms of the 2015 Stock Option Plan and the Master Option and Management Options, including without limitation, any notice of award or option agreement evidencing the grant of a Master Option executed by our Company and the Management Option Grantee, granted pursuant to the Plan;
- (8) grant Management Options to employees, officers and Directors on such terms and conditions different from those specified in the 2015 Stock Option Plan as may, in the judgment of the Administrator, be necessary or desirable to further the purpose of the 2015 Stock Option Plan; and

- (9) take such other action, not inconsistent with the terms of the 2015 Stock Option Plan, as the Administrator deems appropriate.

(v) Option grants

The Administrator will issue a notice of Management Option grant (the “**Notice of Management Option Grant**”) with a Management Option agreement (the “**Management Option Agreement**”) attached thereto to the relevant Management Option Grantee, notifying him/her the number of Management Options that have been granted to him/her and the exercise price per Share. The Management Option Agreement includes additional provisions of the Management Option.

(vi) Terms of the 2015 Stock Option Plan

The 2015 Stock Option Plan commenced on 1 May 2015 (the “**Effective Date**”) and shall continue in effect for a term of seven (7) years unless terminated earlier in accordance with applicable laws and provisions of the 2015 Stock Option Plan or otherwise approved by the Board.

(vii) Exercise of option

The option may not be exercised until vested. Except as approved by the Board and subject to provisions hereunder, the Master Option shall be vested conditional upon (a) the achievement of following performance targets by our Group for each full calendar year from 2015 to 2019; or (b) the achievement of following return by NHPEA upon exit.

(a) Performance target from 2015 to 2019

In the event that the consolidated revenue (“**Revenue**”) and/or consolidated ordinary earnings (excluding any extraordinary or one-time income or gain) before interest, tax, depreciation and amortization (“**EBITDA**”) of our Company on a consolidated basis meet the respective targets as set out below (the “**KPI**”) in the relevant calendar year, certain percentage of 20% of the Master Options will vest and become exercisable in the following manner:

Year	2015	2016	2017	2018	2019
			<i>(USD million)</i>		
Revenue	158	144	145	160	180
EBITDA	9.8	8.1	12.0	15.1	18.0

- (1) if both KPIs are met, the entire 20% of the Master Options will vest for such calendar year;
- (2) if only one KPI is met, half of the 20% of the Management Options will vest and become exercisable for such calendar year, and the rest of the 20% of the Master Options will be reserved for future vesting; and
- (3) if neither KPIs is met, none of the 20% of the Master Options will vest for such calendar year and they will be reserved for future vesting.

(b) *Investment Return by NHPEA*

If NHPEA realizes a total amount of cash return on its investment in our Company (i.e. proceeds from sale of Shares, interests and dividends received) equal to at least 2.5 times its total investment in our Company upon its exit from such investment, a portion of the Master Options equal to the Total Option Shares less the number of Master Options that have become vested and exercisable, will vest and become exercisable.

Master Options which are not vested under (a) in 2015 to 2019 will only be vested upon either the achievement of the cash return by NHPEA upon its exit as set out in (b) above, or upon the Board's discretion.

NHPEA's total investment in our Company amounted to US\$36,185,079, which comprises consideration paid, transaction expenses, and shareholder's loan. Repayment of shareholders' loan, interests and dividends amounted to US\$51.542 million had been paid out to NHPEA. On the basis that NHPEA will offer to sell a total of 37,500,000 Shares or 7.5% of the total issued Shares on completion of the Global Offering (assuming Over-Allotment Option is not exercised) and on the assumption that the Offer Price is HK\$1.26, being the mid-point of the indicative Offer Price range, the vesting condition as set out in (b) above will not be triggered at the completion of the Global Offering.

After the determination of the vested amount of the Master Options, the Administrator will allocate beneficial interest in the vested amount among the Management Option Grantees in the form of Management Options. There is no vesting condition of the Management Options. With respect to scenario (a), a portion of the Master Option to purchase a total number of Shares equal to the maximum number of Shares to be subscribed under the Master Option minus the number of Shares covered by portions of the Master Option that have become vested and exercisable will vest and become exercisable.

Once the exercise of a Management Option is completed, HCIL Master Option shall become the legal owner of the corresponding number of the Shares, the beneficial interest in the Management Option held by the Management Option Grantee shall be converted into beneficial interest in such number of Shares acquired thereunder. HCIL Master Option shall hold the legal ownership of such Shares for the benefit of the Management Option Grantee pursuant to the 2015 Stock Option Plan and Management Option Agreement.

(viii) Exercise Price

The exercise price per Share under the 2015 Stock Option Plan will be a price determined by the Administrator and set forth in the Management Option Agreement. Subject to the terms and conditions set forth under the 2015 Stock Option Plan, the exercise price of all options granted is approximately US\$0.0877 per Share (equivalent to approximately HK\$0.689 per Share).

(ix) No transferability

Except as otherwise provided in the Management Option Agreement, the Management Option and the rights and privileges conferred thereby shall not be sold, pledged or otherwise transferred (whether by operation of law or otherwise) and shall not be subject to sale under execution, attachment, levy or similar process.

(x) Rights on Event of Forfeiture

No portion of the Management Option may be exercisable by the Management Option Grantee and the entire option, whether or not vested, shall be forfeited and terminated in its entirety and the Management Option Grantee shall have no further rights with respect thereto, if the Administrator (in its sole discretion) determines that such Management Option Grantee has violated (A) the non-compete obligations described in the non-competition agreement and/or the employment contract entered into between the Management Option Grantee and our Company or any Related Entity (as defined below), (B) any other material obligations under the Management Option Agreement, the aforesaid non-competition agreement and/or employment contract or (C) if a Management Option Grantee is terminated for cause as defined under his employment agreement or applicable law ("**Cause**") or the Administrator determines that such Cause has occurred, (each of the events under (A), (B) or (C), an "**Event of Forfeiture**").

If the Administrator (in its sole discretion) determines that any Event of Forfeiture occurs, our Company shall have the right and option (the "**Call Option**"), but not the obligation, to purchase from the Management Option Grantee beneficial interest in any or all of the Shares acquired by such Management Option Grantee through the exercise of the Management Option, pursuant to the Management Option Agreement and the Plan. The Call Option purchase price shall be the exercise price as specified in the Notice of Management Option Grant.

Notwithstanding the foregoing, regardless of whether the Shares subject to the Management Option have otherwise become exercisable, the Management Option may not be exercised if the Administrator (in its sole discretion) determines that an exercise could violate any applicable law or regulation.

“**Related Entity**” means any subsidiary of our Company and any business, corporation, partnership, limited liability company or other entity in which our Company or a subsidiary of our Company holds a substantial ownership interest, directly or indirectly.

(xi) Rights on termination of service

If the Management Option Grantee’s service terminates for any reason, then the Management Option shall, unless forfeited earlier, expire on the earliest of the following occasions:

- (1) the expiration date set forth in the Notice of Management Option Grant;
- (2) the date that is 30 days after the termination of the Management Option Grantee’s service for any reason other than disability and death; or
- (3) the date that is 60 days after the termination of the Management Option Grantee’s service by reason of disability or death.

The Management Option Grantee may exercise all or part of the Management Option at any time before its expiration under the preceding sentence, but only to the extent that the Management Option had become exercisable before the Management Option Grantee’s service terminated. When the Management Option Grantee’s service terminates, the Management Option shall expire immediately with respect to the number of Shares for which the Management Option is not yet exercisable. The Management Option will not become exercisable for any additional Shares following the date on which the Management Option Grantee ceases to provide service. In the event that the Management Option Grantee dies after termination of Service but before the expiration of the Management Option, all or part of the Management Option may be exercised (prior to expiration) by the executors or administrators of the Management Option Grantee’s estate or by any person who has acquired the Management Option directly from the Management Option Grantee by beneficiary designation, bequest, inheritance, or other transfer, but only to the extent that the Management Option had become exercisable before the Management Option Grantee’s service terminated.

(xii) Rights on death

In the event that the death of the Management Option Grantee causes the termination of service and the death of the Management Option Grantee occurs before the expiration of the Management Option, all or part of the Management Option may be exercised at any time before its expiration on the date that is 60 days after the termination of the Management Option Grantee’s service by reason of

disability or death by the executors or administrators of the Management Option Grantee's estate or by any person who has acquired the Management Option directly from the Management Option Grantee by beneficiary designation, bequest, inheritance, or other transfer, but only to the extent that the Management Option had become exercisable before the Management Option Grantee's death. When the Management Option Grantee dies, the Management Option shall expire immediately with respect to the number of Shares for which the Management Option is not yet exercisable.

(xiii) Adjustments upon change in capitalisation

Subject to any required action by the shareholders of our Company, the number of Shares covered by the outstanding Master Option or beneficial interest therein covered by each Management Option, and the number of Shares which have been authorised for issuance under the 2015 Stock Option Plan but as to the beneficial interest of which no Management Option have yet been granted or which have been returned to the 2015 Stock Option Plan, the exercise or purchase price of such outstanding Master Option or each Management Option, the maximum number of Shares or beneficial interest therein with respect to which the Master Option or Management Options may be granted to any Management Option Grantee in any fiscal year of our Company, as well as any other terms that the Administrator determines require adjustment shall be proportionately adjusted for (i) any increase or decrease in the number of issued Shares resulting from a share split, reverse share split, share dividend, combination or reclassification of the Shares, or similar transaction affecting the Shares, (ii) any other increase or decrease in the number of issued Shares effected without receipt of consideration by our Company, or (iii) as the Administrator may determine in its discretion, any other transaction with respect to Shares including a corporate merger, consolidation, acquisition of property or equity, separation (including a spin-off or other distribution of shares or property), reorganisation, liquidation (whether partial or complete) or any similar transaction; provided, however that conversion of any convertible securities of our Company (or adjustment of their conversion price) shall not be deemed to have been "effected without receipt of consideration". Such adjustment shall be made by the Administrator and its determination shall be final, binding and conclusive. Except as the Administrator determines, no issuance by our Company of shares of any class, or securities convertible into shares of any class, shall affect, and no adjustment by reason hereof shall be made with respect to, the number or price of Shares subject to a Master Option or beneficial interest therein subject to the Management Option. In the event of a distribution by our Company to its shareholders of all or any portion of the securities of any Subsidiary of our Company (a "**Spin-off Transaction**"), the Administrator may in its discretion make such adjustments and take such other action as it deems appropriate with respect to the outstanding Master Option or Management Options under the 2015 Stock Option Plan, including but not limited to: (i) adjustments to the number and kind of Shares, the exercise or purchase price per Share and the vesting periods of the outstanding Master Option or Management Options, (ii) prohibit the exercise of the Master Option or Management Options during certain periods of time prior to the consummation of the Spin-off Transaction, or (iii) the substitution, exchange or

grant of the Master Option or Management Options to purchase securities of the Subsidiary; provided that the Administrator shall not be obligated to make any such adjustments or take any such action hereunder.

(xiv) Lock-up of Shares and further restrictions on transfer of Shares upon exercise of Management Option

The Shares acquired upon exercise of the Master Option or beneficial interest in such Shares is not transferrable (other than upon the death of the Management Option Grantee, to his or her estate) until the earlier of (a) the first anniversary of the completion of the initial public offering of the Shares (“IPO”) or a sale of control of our Company or substantially all of its assets and business or (b) the fifth anniversary of the date of the investment by NHPEA in our Company.

(xv) Amendment, modification and termination

The Board may at any time amend, suspend or terminate the 2015 Stock Option Plan; provided, however, that no such amendment shall be made without the approval of the Shareholders to the extent such approval is required by applicable laws, or if such amendment would change any of the provisions of paragraph (a)(iv)(6) or this paragraph (xv). No Master Option or Management Option may be granted during any suspension of the 2015 Stock Option Plan or after termination of the 2015 Stock Option Plan. No suspension or termination of the 2015 Stock Option Plan (including termination of the 2015 Stock Option Plan under paragraph (a)(vi) above) shall materially adversely affect any rights under the Master Option or a Management Option already granted to a Management Option Grantee.

Effective upon the consummation of a Corporate Transaction (as defined below), the outstanding Master Option and all Management Options under the 2015 Stock Option Plan shall terminate. However, all such options shall not terminate to the extent they are Assumed (as defined below) in connection with the Corporate Transaction.

“**Assumed**” means that pursuant to a Corporate Transaction either (i) the Master Option and the Management Options is expressly affirmed by our Company or (ii) the contractual obligations represented by the Master Option and the Management Options are expressly assumed (and not simply by operation of law) by the successor entity or its parent in connection with the Corporate Transaction with appropriate adjustments to the number and type of securities of the successor entity or its Parent subject to the Master Option and the Management Options and the exercise or purchase price thereof which at least preserves the compensation element of the Master Option and the Management Options existing at the time of the Corporate Transaction as determined in accordance with the instruments evidencing the agreement to assume the Master Option and the Management Options.

“**Corporate Transaction**” means any of the following transactions, provided, however, that the Administrator shall determine under parts (4) and (5) whether multiple transactions are related, and its determination shall be final, binding and conclusive:

- (1) a merger or consolidation in which our Company is not the surviving entity, except for a transaction the principal purpose of which is to change the jurisdiction in which our Company is incorporated;
- (2) the sale, transfer or other disposition of all or substantially all of the assets of our Company and its subsidiaries;
- (3) the complete liquidation or dissolution of our Company;
- (4) any reverse merger or series of related transactions culminating in a reverse merger (including, but not limited to, a tender offer followed by a reverse merger) in which our Company is the surviving entity but (A) the Shares outstanding immediately prior to such merger are converted or exchanged by virtue of the merger into other property, whether in the form of securities, cash or otherwise, or (B) in which securities possessing more than fifty percent (50%) of the total combined voting power of our Company’s outstanding securities are transferred to a person or persons different from those who held such securities immediately prior to such merger or the initial transaction culminating in such merger, but excluding any such transaction or series of related transactions that the Administrator determines shall not be a Corporate Transaction; or
- (5) acquisition in a single or series of related transactions by any person or related group of persons (other than our Company or by a Company-sponsored employee benefit plan) of beneficial ownership of securities possessing more than fifty percent (50%) of the total combined voting power of our Company’s outstanding securities but excluding any such transaction or series of related transactions that the Administrator determines shall not be a Corporate Transaction.

(b) Outstanding Stock Options

The proposal to grant the options under the 2015 Stock Option Plan to the Master Option Grantee and the Management Option Grantee as set out below has been approved by the Board on 1 May 2015. The overall limit on the number of underlying Shares pursuant to the 2015 Stock Option Plan is 40,841,584 Shares, representing approximately 8.17% of the issued Shares immediately following completion of the Capitalisation Issue and the Global Offering (assuming the Over-allotment Option is not exercised and without taking into account any Shares to be allotted and issued upon exercise of any options under the 2015 Stock Option Plan).

On 1 May 2015, the Board granted the Master Option to the Master Option Grantee to purchase 40,841,584 Shares (as adjusted for Listing) under the 2015 Stock Option Plan. As at the Latest Practicable Date, a portion of the Master Option to purchase 16,336,632 Shares has been vested and the Master Option Grantee has granted such corresponding Management Options to the Management Option Grantees, with the rest of the Master Option remains unvested. After Listing, no additional Master Option will be granted under the 2015 Stock Option Plan, whereas additional Management Options may be granted upon the vesting of the unvested Master Option as at the Latest Practicable Date.

The maximum Shares that may be issued by the Company (assuming full exercise of the Master Options and Management Options) under the 2015 Stock Option Plan is 40,841,584 shares.

The exercise price of all the Management Options granted under the 2015 Stock Option Plan is approximately US\$0.0877 per Share (equivalent to approximately HK\$0.689 per Share).

Particulars of the outstanding options granted and vested to the Management Option Grantees under the 2015 Stock Option Plan are set forth below:

Grantee ⁽¹⁾	Position	Address	Number of Shares to be issued upon full exercise of the Management Options (as adjusted for Listing)	Approximate Percentage of issued share capital of our Company upon Completion of the Global Offering ⁽²⁾
<i>Director</i>				
Mr. Alain Perrot	Chief Executive Officer and Executive Director	239 Arcadia Road #02-03 Arcadia Garden Singapore 289845	5,717,822	1.14%
<i>Senior Management</i>				
Mr. Jean Paul L. ABRAMS	Head of Sales	Zavelstraat 83 3010 Kessel-LO Leuven Belgium	4,084,158	0.81%
Mr. Miguel Borges VIDAL	Head of Operations	20 Irrawaddy Rd #18-03 Singapore 329550	1,633,663	0.33%
Mr. Kwok Hoong SIU (蕭國雄)	Head of Marketing and Innovation	630 Upper Thomason Road #03-77 Singapore 787132	1,633,663	0.33%

Grantee ⁽¹⁾	Position	Address	Number of Shares to be issued upon full exercise of the Management Options (as adjusted for Listing)	Approximate Percentage of issued share capital of our Company upon Completion of the Global Offering ⁽²⁾
<i>Other grantees</i>				
Mr. Pang Hwa HO (何邦華)	Head of Sales, Asia	Apt Blk 240, Pasir Ris Street 21 #05-39 Singapore 510240	1,633,663	0.33%
Mr. Yuechun ZHU (朱閱春)	Head of Research and Development	Flat 401, Block 8 50 Xibei Street Pingjiang District Suzhou, Jiangsu, PRC	1,633,663	0.33%
Total			16,336,632	3.27%

Note:

- (1) Each grantee, upon accepting the options under the 2015 Stock Option Plan, is deemed to have undertaken to our Company that he will hold and exercise his option in accordance with the rules of the 2015 Stock Option Plan and the Management Option Agreement, including with respect to the allotment and issue of Shares to him upon exercise of his option and the holding of such Shares.
- (2) These percentages are calculated on the basis of 500,000,000 Shares in issue immediately following completion of the Capitalisation Issue and the Global Offering (assuming the Over-allotment Option is not exercised and without taking into account any Shares to be allotted and issued upon exercise of any options under the 2015 Stock Option Plan).

Based on the number of issued Shares immediately following completion of the Capitalisation Issue and the Global Offering (assuming the Over-allotment Option is not exercised and without taking into account any Shares to be allotted and issued upon exercise of any options under the 2015 Stock Option Plan), full exercise of the options under the 2015 Stock Option Plan would result in the issued share capital of our Company being increased by approximately 40,841,584 Shares, hence diluting the shareholdings of our Shareholders. Assuming all options under the 2015 Stock Option Plan had been exercised in full but without taking into account any Shares which may be allotted and issued upon exercise of any option which may be granted under the Over-allotment Option, this will have a dilutive effect on (i) the shareholding of the Shareholders of approximately 7.55% and (ii) earnings per Share of approximately 7.55%.

Application has been made to the Listing Committee for the listing of and permission to deal in the 40,841,584 Shares that may be issued pursuant to the exercise of options under the 2015 Stock Option Plan.

E. OTHER INFORMATION**1. Indemnities from Controlling Shareholders**

Each of NHPEA, NHPEA Holdings, NHPEA Cayman and NHPEA L.P. (the “Indemnifiers”) has entered into the Deed of Indemnity in favour of our Company (for itself and as trustee for its subsidiaries) (being the contract referred to in paragraph (a) of the sub-paragraph headed “B. Further Information about our Business — 1. Summary of Material Contracts” above) to provide the following indemnities.

Under the deed of indemnity, among others, the Indemnifiers will indemnify each of our Company and our subsidiaries against, among others, any depletion in or diminution in the value of the assets of our Company and our subsidiaries as a direct or indirect consequence of, and in respect of any amount which our Company and our subsidiaries may hereafter become liable to pay, resulting from any taxation under sections 35 and 43 of the Estate Duty Ordinance (Chapter 111 of the Laws of Hong Kong).

2. Litigation

As at the Latest Practicable Date, no member of our Group was engaged in any litigation or arbitration which may have material and adverse effect on the Global Offering and, so far as our Directors are aware, no litigation or claim of material importance is pending or threatened by or against any member of our Group.

3. Sole Sponsor

The Sole Sponsor has made an application on behalf of our Company to the Listing Committee for the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus. All necessary arrangements have been made to enable such Shares to be admitted into CCASS.

The Sole Sponsor satisfies the independence criteria applicable to sponsors set forth in Rule 3A.07 of the Listing Rules. The fees payable to the Sole Sponsor in connection with the Global Offering is US\$573,248.

4. No Material Adverse Change

Our Directors confirm that there has been no material change in the financial or trading position of our Group since 30 April 2019 (being the dated to which the latest audited consolidated financial statements of our Group were prepared).

5. Agency Fees and Commissions Received

The Underwriters will receive an underwriting commission as referred to in the section headed “Underwriting — Underwriting Arrangements and Expenses — Commissions and Expenses” in this prospectus.

6. Preliminary expenses

No preliminary expenses have been or proposed to be incurred.

7. Selling Shareholder

Name:	NHPEA
Place of incorporation:	the Netherlands
Registered address:	Kabelweg 37, 1014 BA Amsterdam, the Netherlands
Nature of business:	Investment holding
Number of Shares to be sold:	37,500,000 Shares if the Over-Allotment Option granted by the Selling Shareholder is not exercised or up to 43,125,000 Shares if the Over-Allotment Option granted by the Selling Shareholder is fully exercised

8. Promoter

Our Company has no promoter for the purpose of the Listing Rules. Save as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus, no cash, securities or other benefit has been paid, allotted or given nor are any proposed to be paid, allotted or given to any promoters in connection with the Global Offering and the related transactions described in this prospectus.

9. Qualification of experts

The qualifications of the experts, as defined under the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance, who have given opinions in this prospectus, are as follows:

Name	Qualification
Mason Global Capital Limited	A corporation licenced to carry out Type 6 (advising on corporate finance) regulated activity under the SFO
Ernst & Young	Certified Public Accountants, Hong Kong
Ernst & Young Tax Services Limited	Tax advisers as to Additional Tariff analysis

Name	Qualification
Maples and Calder (Hong Kong) LLP	Legal advisers to our Company as to the laws of Cayman Islands
Haiwen & Partners	Legal advisers to our Company as to the laws of the PRC
Frost & Sullivan Limited	Industry consultant

10. Consent of experts

Each of the experts named in the paragraph headed “E. Other Information — 9. Qualification of experts” above has given and has not withdrawn its consent to the issue of this prospectus with the inclusion of its report, letter and/or opinion (as the case may be) and references to its name included herein in the form and context in which it respectively appears.

None of the experts named above has any shareholding interests in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

11. Binding effect

This prospectus shall have the effect, if an application is made in pursuance of this prospectus, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance insofar as applicable.

12. Bilingual prospectus

The English language and Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided by section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

13. Miscellaneous

- (a) Save as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus:
 - (i) no share or loan capital of our Company or any of our subsidiaries has been issued or agreed to be issued or is proposed to be fully or partly paid either for cash or a consideration other than cash;
 - (ii) no share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;

- (iii) no founders or management or deferred shares of our Company or any of our subsidiaries have been issued or agreed to be issued;
 - (iv) no commissions, discounts, brokerages or other special terms have been granted or agreed to be granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries; and
 - (v) no commission has been paid or is payable for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any share in our Company or any of our subsidiaries.
- (b) Save as disclosed in this prospectus, our Company had not issued any debentures nor did it have any outstanding debentures nor any convertible debt securities.
- (c) Our Directors confirm that:
- (i) there has been no material adverse change in the financial or trading position or prospects of our Group since 30 April 2019 (being the date to which the latest audited consolidated financial statements of our Group were prepared);
 - (ii) there is no arrangement under which future dividends are waived or agreed to be waived; and
 - (iii) there has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the 12 months preceding the date of this prospectus.
- (d) The principal register of members of our Company will be maintained in the Cayman Islands by Sertus Incorporations (Cayman) Limited and a branch register of members of our Company will be maintained in Hong Kong by Tricor Investor Services Limited. Unless our Directors otherwise agree, all transfer and other documents of title of Shares must be lodged for registration with and registered by Tricor Investor Services Limited and may not be lodged in the Cayman Islands.
- (e) All necessary arrangements have been made to enable our Shares to be admitted into CCASS for clearing and settlement.
- (f) Save for the proposed listing of our Shares on the Stock Exchange, our Company does not have any equity or debt securities presently listed or dealt in, or for which listing or permission to deal is being or is proposed to be sought, on any stock exchange.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

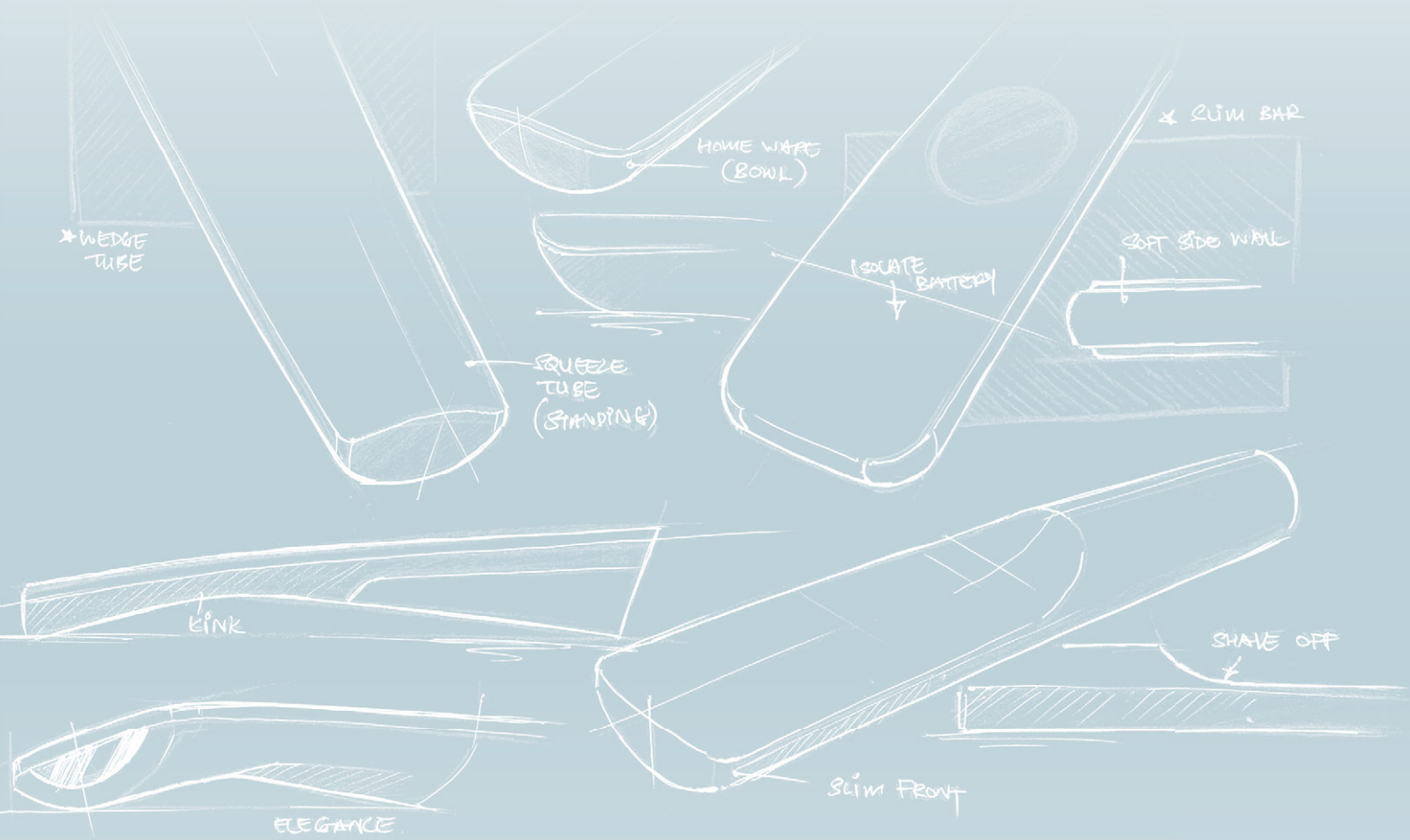
The documents attached to the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were, among other things, (i) copies of the WHITE, YELLOW and GREEN application forms, (ii) the written consents referred to in “Statutory and General Information — E. Other Information — 10. Consents of Experts” in Appendix IV of this prospectus, (iii) copies of the material contracts referred to in “Statutory and General Information — B. Further Information about our Business — 1. Summary of Material Contracts” in Appendix IV of this prospectus, and (iv) the statement containing the particulars of the Selling Shareholder referred to in “Statutory and General Information — E. Other Information — 7. Selling Shareholder” in Appendix IV of this prospectus and (v) the statement of adjustment to the Accountant’s Report set out in Appendix I to this prospectus.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the offices of Lu & Partners LLP in association with HAIWEN at Unit 1902, 19th Floor, New World Tower, 16-18 Queen’s Road Central, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this prospectus:

- (a) the Memorandum of Association and the Articles of Association;
- (b) the Accountants’ Report issued by Ernst & Young, the text of which is set out in Appendix I to this prospectus and the related statement of adjustments;
- (c) the audited consolidated financial statements of our Group for the years ended 31 December 2016, 2017 and 2018 and for the four months ended 30 April 2019;
- (d) the report on the unaudited pro forma financial information from Ernst & Young, the text of which is set out in Appendix II of this prospectus;
- (e) the material contracts referred to in “Statutory and General Information — B. Further Information about our Business — 1. Summary of Material Contracts” in Appendix IV of this prospectus;
- (f) the written consents referred to in “Statutory and General Information — E. Other Information — 10. Consents of Experts” in Appendix IV of this prospectus;
- (g) the letter of advice prepared by Maples and Calder (Hong Kong) LLP, our legal advisers as to Cayman Islands law, summarising certain aspects of the Cayman Islands company law referred to in Appendix III to this prospectus;
- (h) the service contracts and letters of appointment referred to in “Statutory and General Information — C. Further Information about our Directors and Substantial Shareholders — 2. Particulars of Directors’ Service Contracts” in Appendix IV of this prospectus;
- (i) the Cayman Companies Law;

- (j) the F&S Report;
- (k) the legal opinion prepared by Haiwen & Partners, our legal advisers to PRC law, on certain PRC subsidiaries of the Company referred to in “History and Group Structure — Corporate Development” and “Business — Our Employees” to this prospectus;
- (l) the memo prepared by Ernst & Young Tax Services Limited, our tax advisers as to the Additional Tariff analysis referred to in “Summary — Recent Developments” to this prospectus;
- (m) the rules of the 2015 Stock Option Plan; and
- (n) the statement containing the particulars of the Selling Shareholder referred to in “Statutory and General Information — E. Other Information — 7. Selling Shareholder” in Appendix IV of this prospectus.



HOME CONTROL INTERNATIONAL LIMITED