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## **HOME CONTROL INTERNATIONAL LIMITED**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1747)**

### **(1) PROPOSED ISSUE OF NEW SHARES UNDER THE SHARE AWARD SCHEME PURSUANT TO GENERAL MANDATE;**

**AND**

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

#### **PROPOSED ISSUE OF NEW SHARES UNDER THE SCHEME PURSUANT TO GENERAL MANDATE AND CONNECTED TRANSACTIONS INVOLVING PROPOSED ISSUE OF NEW SHARES TO CONNECTED PERSONS UNDER THE SCHEME PURSUANT TO SPECIFIC MANDATE**

Of a total of not more than 5,016,337 Award Shares, (i) 2,382,760 Connected Award Shares are granted to four Connected Selected Grantees, one of them is a Director and three of them are directors of certain subsidiaries of the Company, and are therefore connected persons of the Company; and (ii) not more than 2,633,577 Award Shares are granted to six Non-connected Selected Grantees, all of them are being Employees of the Group.

The Board has further resolved that, (i) 2,382,760 Connected Award Shares granted to the Connected Selected Grantees shall be satisfied by the proposed allotment and issue of new Shares to the Connected Selected Grantees pursuant to the Specific Mandate; and (ii) not more than 2,633,577 Award Shares granted to the Non-connected Selected Grantees shall be satisfied by the proposed allotment and issue of new Shares to the Non-connected Selected Grantees pursuant to the General Mandate.

## **LISTING RULES IMPLICATIONS**

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

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

### **EGM**

An EGM will be convened and held to consider and, if thought fit, to approve, inter alia, the grant of Specific Mandate for the allotment and issue of the Connected Award Shares to the Connected Selected Grantees.

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

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

A circular containing, among other things, (i) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Connected Award Shares, (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Connected Award Shares and (iii) notice to convene the EGM and proxy form, will be despatched to the Shareholders as soon as practicable and in accordance with the Listing Rules. The circular is expected to be despatched by the Company to the Shareholders on or before 27 October 2020.

Reference is made to the announcement of the Company dated 20 August 2020 in relation to the adoption of the Scheme.

## **GRANT OF AWARD SHARES**

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

## **PROPOSED ISSUE OF NEW SHARES UNDER THE SCHEME PURSUANT TO GENERAL MANDATE AND CONNECTED TRANSACTIONS INVOLVING PROPOSED ISSUE OF NEW SHARES TO CONNECTED PERSONS UNDER THE SCHEME PURSUANT TO SPECIFIC MANDATE**

Of a total of not more than 5,016,337 Award Shares, (i) 2,382,760 Connected Award Shares are granted to four Connected Selected Grantees, one of them is a Director and three of them are directors of certain subsidiaries of the Company, and are therefore connected persons of the Company; and (ii) not more than 2,633,577 Award Shares are granted to six Non-connected Selected Grantees, all of them are being Employees of the Group.

The Board has further resolved that, (i) 2,382,760 Connected Award Shares granted to the Connected Selected Grantees shall be satisfied by the proposed allotment and issue of new Shares to the Connected Selected Grantees pursuant to the Specific Mandate; and (ii) not more than 2,633,577 Award Shares granted to the Non-connected Selected Grantees shall be satisfied by the proposed allotment and issue of new Shares to the Non-connected Selected Grantees pursuant to the General Mandate.

The Award Shares granted are subject to acceptance, all or in part of the grant of the Award Shares, by the Selected Grantees within the time as stipulated in the grant letters issued by the Company to the Selected Grantees.

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

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

## Grant of Connected Award Shares to Connected Selected Grantees

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

<b>Name of Connected Selected Grantee</b>	<b>Relationship with the Group</b>	<b>Number of Connected Award Shares granted to the Connected Selected Grantees</b>
Alain PERROT	Executive Director and Chief Executive Officer	1,254,084
Jean Paul ABRAMS	Director of a subsidiary of the Company	250,817
Guat Beng NG	Director of certain subsidiaries of the Company	376,225
Yue Chun ZHU	Director of certain subsidiaries of the Company	501,634
	Total:	<u>2,382,760</u>

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

## Grant of Award Shares to Non-connected Selected Grantees

Not more than 2,633,577 Award Shares are granted to six Non-connected Selected Grantees. To the best of the Director's knowledge, information and belief, having made all reasonable enquiries, the Non-connected Selected Grantees are not connected persons of the Company.

## CONDITIONS

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

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

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

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

### **Further Details of the Award Shares**

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

Securities to be issued: An aggregate of up to 5,016,337 new Shares, comprising (i) 2,382,760 new Shares to be allotted issued to the Connected Selected Grantee at nil consideration and (ii) an aggregate of up to 2,633,577 new Shares to be allotted and issued to the Non-connected Selected Grantees at nil consideration.

Percentage of Award Shares in the share capital of the Company: The maximum number of 5,016,337 Award Shares to be issued and allotted by the Company to the Selected Grantees represent approximately 1.00% of the total number of Shares in issue as at the date of this announcement and approximately 0.99% of the total number of Shares in issue as enlarged by the allotment and issue of the maximum number of Award Shares.

Market value of Award Shares: Pursuant to the Scheme Rules, the Award Shares shall be granted to the Selected Grantees at nil consideration. The average closing price of the Shares for the five consecutive trading days immediately preceding the date of the Granting Date as quoted on the Stock Exchange is HK\$0.73 per Share.

Based on the closing price of HK\$0.71 per Share as quoted on the Stock Exchange as at the date of this announcement, the market values of 2,382,760 Connected Award Shares granted to the Connected Selected Grantees and 2,633,577 Award Shares granted to the Non-connected Selected Grantees are HK\$1,691,759.60 and HK\$1,869,839.67, respectively.

Status of Award Shares:	The Award Shares, when issued and fully paid, shall rank <i>pari passu</i> among themselves and with the then issued Shares in all respects, which shall include, the right to receive dividends on the Award Shares, dispose of the Award Shares and/or exercise the rights underlying the Award Shares as per his/her own wishes once they are issued.
Identity of the allottee(s):	The Shares will be allotted and issued directly to the relevant Selected Grantees.
Vesting dates:	<p>The Award Shares shall be vested in two tranches of which: (a) 50% of the Award Shares under the Award shall be vested in the second anniversary of the Granting Date; and (b) 50% of the Award Shares under the Award shall be vested in the third anniversary of the Granting Date.</p> <p>The vesting of the Award Shares is subject to that the Selected Grantees remain his/her employment or service relationship with any Group Member after the Granting Date and before the relevant vesting date and fulfillment of other conditions as set out in the Scheme Rules and as specified by the Board.</p>
General Mandate:	Pursuant to the General Mandate, the Company is authorized to allot and issue up to 100,326,732 Shares, representing 20% of the total number of Shares in issue as at the date of the 2020 AGM. As at the date of this announcement, no new Shares has been issued under the General Mandate. Accordingly, the maximum number of new Shares which may be issued by the Company under the General Mandate is 100,326,732 Shares, representing approximately 20% of the total number of Shares in issue as at the date of the 2020 AGM.

## **EQUITY FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST 12 MONTHS**

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

As at the date of this announcement, the details of the use of IPO Proceeds are set out in the table below:

	<b>Planned use of IPO Proceeds (adjusted on a pro rata basis on the actual net proceeds) US\$'million</b>	<b>Utilized IPO Proceeds up to the date of this announcement US\$'million</b>
1. Strategic investments or acquisitions in the OTT system and/or smart home security products	2.93	0.00
2. Repayment of bank borrowing	2.69	2.69
3. R&D and develop the products for OTT segment and extend product lines in smart home products	1.82	0.00
4. Expansion of professional sales force to support business expansion	1.76	0.00
5. Strengthen the supply chain management and investment by extending beyond the People's Republic of China	0.84	0.84
6. Working capital and general corporate purposes	0.79	0.00
	<u>10.83</u>	<u>3.53</u>

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

Save as disclosed above, the Company had not carried out any equity fund raising activities in the past twelve months prior to the date of this announcement.

## **REASONS AND BASIS FOR THE AWARD OF THE AWARD SHARES**

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

## **INFORMATION ABOUT THE GROUP**

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

## **LISTING RULES IMPLICATIONS**

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

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

## **EGM**

An EGM will be convened and held to consider and, if thought fit, to approve, inter alia, the grant of Specific Mandate for the allotment and issue of the Connected Award Shares to the Connected Selected Grantees.

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

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

A circular containing, among other things, (i) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Connected Award Shares, (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Connected Award Shares and (iii) notice to convene the EGM and proxy form, will be despatched to the Shareholders as soon as practicable and in accordance with the Listing Rules. The circular is expected to be despatched by the Company to the Shareholders on or before 27 October 2020.

## **GENERAL**

The Directors (excluding the independent non-executive Directors whose views will be given after taken into account the advice from the Independent Financial Adviser) consider that the award of the Connected Award Shares to the Connected Selected Grantees is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

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



An Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders as to whether the award of the Connected Award Shares to the Connected Selected Grantees is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Lego Corporate Finance Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activities as defined under the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong) has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the award of the Connected Award Shares to the Connected Selected Grantees described herein.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following words and expressions have the meanings ascribed to them below:

“2020 AGM”	the annual general meeting of the Company held on 26 June 2020;
“Award”	an award of Share(s) granted by the Board to a Selected Grantee pursuant to the Scheme;
“Award Share(s)”	in respect of a Selected Grantee(s), such number of Shares determined by and granted by the Board pursuant to the Scheme;
“Board”	the board of Directors of the Company;
“Company”	Home Control International Limited, a company incorporated in Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange;
“Connected Award Share(s)”	an aggregate of 2,382,760 Award Shares which are proposed to be allotted and issued to the Connected Selected Grantees;
“connected person(s)”	has the meaning as ascribed to it under the Listing Rules;
“Connected Selected Grantee(s)”	the Selected Grantee who is the executive Director and/or chief executive officer of the Company and directors of certain subsidiaries of the Company, being a connected person of the Company;
“Director(s)”	the director(s) of the Company;
“EGM”	the extraordinary general meeting of the Company to be convened and held to consider, and if thought fit, to approve the allotment and issue of the Connected Award Shares to the Connected Selected Grantee;

“Eligible Participant(s)”	any Employee, Director or senior management of the Company or other Group Members;
“Employee(s)”	any full-time employee(s) of the Group;
“General Mandate”	the general mandate granted by the Shareholders to the Directors to allot, issue and otherwise deal with new Shares at the 2020 AGM;
“Granting Date”	5 October 2020, being the date on which new Award Shares are conditionally awarded to a Selected Grantee(s);
“Group”	the Company and its subsidiaries from time to time;
“Group Member”	any company within the Group;
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Independent Board Committee”	an Independent Board Committee of the Board comprising all the independent non-executive Directors established for the purpose to advise the Independent Shareholders on the proposed allotment and issue of the Connected Award Shares to the Connected Selected Grantee, the Specific Mandate and the transactions contemplated thereunder;
“Independent Directors”	independent Directors other than the Connected Selected Grantees;
“Independent Financial Adviser”	Lego Corporate Finance Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activities as defined under the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong), an independent financial advisor appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in relation to the award of the Connected Award Shares to the Connected Selected Grantees;
“Independent Shareholder(s)”	the Shareholders who are independent of, and not connected with, the Connected Selected Grantee and their respective associates and are not required to abstain from voting at the EGM under the Listing Rules;
“IPO Proceeds”	the net proceeds raised from the initial public offering of the Company on 14 November 2019 after deducting underwriting fees and other related listing expenses;

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Non-connected Selected Grantee(s)”	the Selected Grantee(s) who is not connected with the Company or connected persons of the Company;
“Scheme”	the share award scheme adopted by the Company on 20 August 2020, as amended from time to time;
“Scheme Rules”	the rules governing the Scheme adopted by the Board, as amended from time to time;
“Selected Grantee(s)”	those Eligible Participants being selected for participation in the Scheme and conditionally awarded the Award Shares;
“Share(s)”	ordinary share(s) with nominal value of US\$0.01 each in the share capital of the Company;
“Shareholder(s)”	the holder(s) of the Shares;
“Specific Mandate”	the specific mandate to be sought from the Independent Shareholders at the EGM to be convened by the Company to grant the authority to the Board for the allotment and issue of the Connected Award Shares to the Connected Selected Grantees;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiary(ies)”	a company which is for the time being and from time to time a subsidiary (within the meaning given under the Listing Rules) of the Company, whether incorporated in Hong Kong or elsewhere;
“US\$”	United States dollar(s), the lawful currency of the United States of America; and
“%”	per cent.

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

Hong Kong, 5 October 2020

*As of the date of this announcement, the Board comprises Mr. Alain PERROT as executive Director; Mr. Yu GAO and Mr. Kwok King Kingsley CHAN as non-executive Directors; and Mr. Werner Peter VAN ECK, Mr. Shou Kang CHEN and Mr. Edmond Ming Siang JAUW as independent non-executive Directors.*