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*This press release is for information purposes only and does not constitute an offer or an invitation to induce an offer by any person to acquire, purchase or subscribe for the securities of Home Control International Limited (the "Company"). Potential investors should read the prospectus to be issued by the Company on 31 October 2019 (the "Prospectus") for detailed information about the Company and the Share Offer.*

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*Note: Unless otherwise defined, terms in this press release shall have the same meanings as those defined in the Prospectus together with any supplement thereto.*

To: Business Editor

[For Immediate Release]



**Home Control International Limited**  
***(Incorporated in the Cayman Islands with Limited Liability)***  
**(Stock Code: 1747.HK)**

**ANNOUNCES DETAILS OF PROPOSED LISTING ON  
THE MAIN BOARD OF THE STOCK EXCHANGE OF HONG KONG LIMITED**

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**SHARE OFFER OF 125,000,000 SHARES (COMPRISING 87,500,000 NEW SHARES AND  
37,500,000 SALE SHARES, SUBJECT TO THE OVER-ALLOTMENT OPTION)  
HONG KONG OFFER OF 12,500,000 SHARES (SUBJECT TO REALLOCATION)  
INTERNATIONAL OFFER OF 112,500,000 SHARES (COMPRISING 75,000,000 NEW SHARES  
AND 37,500,000 SALE SHARES, SUBJECT TO REALLOCATION AND THE OVER-ALLOTMENT  
OPTION)  
AT OFFER PRICE BETWEEN HK\$1.02 AND HK\$1.49 PER SHARE  
TO RAISE UP TO APPROXIMATELY HK\$186.3 MILLION**

## **Investment Highlights**

- The world’s second largest home control solution provider with more than 25 years of experience in developing and offering high quality home control solutions
- Has worldwide presence in North America, Europe, Asia and Latin America and solid partnership with blue-chip customers, such as AT&T, SkyUK, Xiaomi, etc.
- Offers complete and seamless home control solutions under an asset-light business model
- Has seasoned innovation and R&D teams which comprised over 80 qualified engineers and have over 200 invention patents
- Obtains various accreditations including: ISO 9001:2015, ISO 14001:2015 and TL 9000 certifications
- Possesses and maintains one of the two most comprehensive infra-red (“IR”) and code databases in the world
- Controlling shareholder is one of the leading private equity investors in the Asia-Pacific region
- Well positioned to capture growth opportunities from the fast-growing subscription broadcasting and TV streaming market
- Revenue increased by approximately 15.9% to approximately US\$173.9 million, between FY2017 and FY2018
- Adjusted net profit amounted to US\$5.6 million for both FY2017 and FY2018
- Proven strong cash generating capabilities and stable margins

(30 October 2019, Hong Kong) – Home Control International Limited (The “**Company**”, Stock Code: 1747.HK and together with its subsidiaries, the “**Group**”), a globally leading home control solution provider headquartered in Singapore, today announced details of its listing on the Main Board of The Stock Exchange of Hong Kong Limited.

A total of 125,000,000 shares (comprising 87,500,000 new Shares and 37,500,000 Sale Shares, subject to the Over-allotment Option and reallocation), with Hong Kong offer of 12,500,000 shares, and international offer of 112,500,000 shares is offered at a price range of HK\$1.02 to HK\$1.49 per share. The Company will raise up to approximately HK\$126.06 million. The Hong Kong public offer will begin on Thursday, 31 October 2019 and close at noon on Tuesday, 5 November 2019. The allocation results will be announced on Wednesday, 13 November 2019. Trading of the Company’s shares will begin on Thursday, 14 November 2019 in board lots of 2,000 shares each under the stock code 1747.HK.

Mason Global Capital Limited is the Sole Sponsor; Mason Securities Limited is the Sole Global Coordinator; 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 are the Joint Bookrunners and Joint Lead Managers.

## **About the Group**

The Group is a globally leading home control solution provider with more than 25 years of experiences in developing and offering high quality home control solutions. The Group designs, develops, arranges for the assembling and sells remote controls mainly for multi-service operators (“MSOs”), TV and over-the-top (“OTT”) device brands and / or their respective suppliers. The Group has developed global partnership with internationally renowned MSOs as well as TV and OTT device brands in the design and development of

remote controls. During the period comprising the three financial years ended 31 December 2016, 2017 and 2018, and the four months ended 30 April 2019 (“Track Record Period”), AT&T, SkyUK, Liberty Global, Xiaomi and another reputable brand are the five largest customers of the Group. According to Frost & Sullivan Report, the Group ranked second for the provision of home control solution services, accounting for 15.1% of the market share in the global market.

During the Track Record Period, the Group generates revenue mainly from the sales of remote controls for a vast array of set-top boxes (“STBs”) of MSO and OTT devices as well as smart TVs. The revenue amounted to US\$136.1 million, US\$150.1 million, US\$173.9 million and US\$56.6 million, respectively. Moreover, the adjusted net profit amounted to US\$4.6 million, US\$5.6 million, US\$5.6 million and US\$0.9 million, respectively. The adjusted net profit margin remained relatively stable at 3.4%, 3.7%, 3.2% and 1.7%, respectively.

The Group has a worldwide presence in North America, Europe, Asia and Latin America and solid partnership with blue-chip customers. The Group’s major customers include the world famous or leading MSOs as well as TV and OTT device brands providing subscription broadcasting and TV streaming services, such as AT&T, SkyUK, Liberty Global, Xiaomi, etc. In terms of geographical location, a majority of the Group’s revenue during the Track Record Period attributable to customers situated in North America and Europe, which is aggregated accounted for 71.2%, 75.0%, 73.9% and 68.5% of the total revenue, respectively. The Group had maintained business relationships with its five largest customers for 1 to over 13 years, including AT&T, SkyUK, Liberty Global and Xiaomi. Sales to the Group’s five largest customers in aggregate accounted for 52.2%, 55.8%, 54.3% and 58.4%, respectively.

The Group delivers remote control of superb quality. The Group sets stringent production and quality control procedures designed to ensure that its products meet relevant industry standards and the customer’s quality requirements. The Group has received various accreditations in relation to its production management system such as ISO 9001:2015 and ISO 14001:2015 certifications and TL 9000 certification. In addition, the Group is recognised with Technologically Advanced Service Enterprise Certificate from People’s Government of Suzhou Municipality.

The Group adopts an asset-light model in supply chain management by outsourcing the labour-intensive product assembly process to manufacturing partners in order to minimise capital investment, increase flexibility in outsourcing and to concentrate the resources on R&D, sourcing, quality control and sales management for the customers.

The Group believes its commitment to R&D distinguishes itself from its peers in that it keeps abreast with its customers’ commercial needs as well as the technology and innovation changes of the industry. The Group’s R&D teams made up of around 45% of the total number of staff. The Group has one R&D centre in Singapore and one R&D centre in Suzhou, the PRC housing 15 and 68 engineers. The Group’s talented engineers have in-depth experience in connectivity technologies and software development and integration with hardware, and they possess 7 to over 20 years of experience in mechanical engineering, electrical engineering, testing and validation, and/or related disciplines. As at 22 October 2019, the Group had over 200 invention patents (including granted patents and patents under examination).

According to the Frost & Sullivan Report, 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. Supported by the higher technical requirements and the pursuit of better user experience, the functionality of the home controls is improving, thus contributing to a higher average selling price of remote controls. Looking forward, the home control solution market will reach US\$3,728.8 million by 2023, representing a CAGR of 15.1% from 2019 to 2023. The market is expected to be driven by overall increase in the number of subscribers in OTT and MSO services, and rising demand of OTT services. 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% and is expected a continuous growth to US\$139.6 billion by 2023, representing a CAGR of 14.8% from 2019 to 2023.

**Mr. Alain Perrot, Executive Director and CEO**, said, “Listing in Hong Kong will broaden our capital and shareholder base, providing us with the opportunity to further reinforce our corporate profile, brand awareness and market reputation in international markets. Supported by the rising demand of pay TV services, we are confident in the future growth of our overall revenue. We believe that leveraging our competitive strengths and customer relationships, we are well-placed to capture new business opportunities and create long-term shareholder value.”

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## **Financial Highlights**

US\$'000	For the year ended 31 December			Four months ended 30 April	
	2016	2017	2018	2018 (Unaudited)	2019
Revenue	136,052	150,111	173,852	50,865	56,630
Gross Profit	30,600	33,866	34,010	10,734	10,061
Adjusted net profit	4,589	5,576	5,574	1,373	946
Adjusted net profit margin	3.4%	3.7%	3.2%	2.7%	1.7%

## **Offering Summary:**

Total 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)
Proposed Offer Price Range	: HK\$1.02 to HK\$1.49 Per Offer Share
Board Lots	: 2,000 Shares
Hong Kong Public Offering Begins	: 31 October, 2019 (Thursday) (9:00am)
Hong Kong Public Offering Ends	: 5 November, 2019 (Tuesday) (noon)
Expected Price Determination Date	: 6 November, 2019 (Wednesday)
Announcement of Allotment Results and Refund Cheques Dispatch	: 13 November, 2019 (Wednesday)
Expected Listing Date	: 14 November, 2019 (Thursday)
Stock Code	: 1747.HK

### **Use of Proceeds**

The net proceeds to be received from the Global Offering based on the Offer Price of HK\$1.26 per Offer Share, being the mid-point of the indicative Offer Price range of HK\$1.02 per Offer Share to HK\$1.49 per Offer Share, after deducting related expenses in connection with the Global Offering, are estimated to be approximately HK\$106.54 million (equivalent to approximately US\$13.57 million). The directors of the Group presently intend to apply the net proceeds from the Global Offering as follows:

<b>Use of proceeds</b>	<b>Percentage</b>	<b>HK\$' million</b>	<b>US\$' million</b>
R&D and develop the products for OTT segment and extend product lines in smart home products	17.92%	19.10	2.43
Strategic investments or acquisitions of companies or businesses primarily in the fields of the design or development of OTT system and/or smart home security products	28.91%	30.80	3.92
Expansion of professional sales force to support business expansion	17.35%	18.48	2.35
Strengthen the supply chain management and investment by extending beyond the PRC	8.26%	8.80	1.12
Repayment of bank borrowings	19.82%	21.12	2.69
Working capital and general corporate purposes	7.74%	8.25	1.05

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