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The Board of Directors
Hong Kong Technology Venture Company Limited
HKTV Multimedia and Ecommerce Centre
No. 1 Chun Cheong Street
Tseung Kwan O Industrial Estate
New Territories, Hong Kong

Your ref: PH/CP4

14 June 2024

Dear Sirs

We refer to the offer document dated 14 June 2024 issued by Hong Kong Technology Venture Company Limited (the "Company") in connection with the proposed conditional cash offer by Somerley Capital Limited on behalf of the Company to buy-back up to 100,000,000 shares of the Company at HK\$2.15 per share (the "Offer") (the "Offer Document"), a copy of which is attached and stamped by us on its front cover for the purpose of identification.

We hereby consent to the inclusion of our report dated 14 June 2024 on the pro forma financial information of the Company and its subsidiaries as at and for the year ended 31 December 2023 in the Offer Document, and the references to our name in the form and context in which they are included.

Yours faithfully

Certified Public Accountants
Hong Kong

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of the Offer, this Offer Document and/or the accompanying Form of Acceptance or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Hong Kong Technology Venture Company Limited, you should at once hand this Offer Document, together with the accompanying Form of Acceptance and form of proxy to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer or registered institution in securities, or other agent through whom the sale or the transfer was effected for onward transmission to the purchaser(s) or transferee(s).

This Offer Document should be read in conjunction with the accompanying Form of Acceptance, the contents of which form part of the terms and conditions of the Offer.

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 Offer Document and the accompanying Form of Acceptance, make no representation as to their 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 Offer Document and the accompanying Form of Acceptance.



Hong Kong Technology Venture Company Limited
香港科技探索有限公司

(Incorporated in Hong Kong with limited liability under the Companies Ordinance)

(Stock Code: 1137)

**(1) CONDITIONAL CASH OFFER BY
SOMERLEY CAPITAL LIMITED ON BEHALF OF
HONG KONG TECHNOLOGY VENTURE COMPANY LIMITED
TO BUY-BACK UP TO 100,000,000 SHARES
AT HK\$2.15 PER SHARE;
(2) APPLICATION FOR WHITEWASH WAIVER;
AND
(3) NOTICE OF EGM**

Financial Adviser to the Company



SOMERLEY CAPITAL LIMITED

Independent Financial Adviser to the Independent Board Committee

RAINBOW.

RAINBOW CAPITAL (HK) LIMITED
溢博資本有限公司

Capitalised terms used in this cover have the same meanings as defined in the section headed "Definitions" in this Offer Document.

A letter from the Board is set out on pages 7 to 23 of this Offer Document. A letter from Somerley containing, among other things, details of the terms of the Offer is set out on pages 24 to 35 of this Offer Document. A letter from the Independent Board Committee to the Independent Shareholders is set out on pages 36 to 37 of this Offer Document. A letter from Rainbow Capital containing its opinion and advice to the Independent Board Committee and the Independent Shareholders is set out on pages 38 to 70 of this Offer Document.

A notice of the EGM to be held at Ground Floor, HKTV Multimedia and Ecommerce Centre, No. 1 Chun Cheong Street, Tseung Kwan O Industrial Estate, New Territories, Hong Kong on Tuesday, 9 July 2024 at 10:00 a.m. is set out on pages EGM-1 to EGM-3 of this Offer Document. Whether or not you are able to attend the said EGM, please complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong as soon as practicable and in any event not later than 48 hours (not taking public holidays into account) before the time appointed for the holding of the EGM, or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjourned meeting if you so wish.

No refreshments or drinks, or corporate gifts or gift coupons will be provided at the EGM.



14 June 2024

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EXPECTED TIMETABLE

The timetable set out below is indicative only and is subject to change. Any changes to the expected timetable will be announced by the Company.

Event	Time & Date
Despatch of this Offer Document, notice of EGM, form of proxy and Form of Acceptance	Friday, 14 June 2024
Latest time for lodging transfer of Shares to qualify for attendance at the EGM	4:30 p.m. on Wednesday, 3 July 2024
Register of Members closes	Thursday, 4 July 2024 to Tuesday, 9 July 2024 (both dates inclusive)
Latest time for lodging form of proxy for the EGM	10:00 a.m. on Saturday, 6 July 2024
EGM (<i>Note 2</i>)	10:00 a.m. on Tuesday, 9 July 2024
Announcement of results of the EGM	no later than 7:00 p.m. on Tuesday, 9 July 2024
Latest time and date for lodging Forms of Acceptance and latest time for determining Shareholders' entitlement to participate in the Offer based on the records of the Register of Members (<i>Note 3</i>)	4:00 p.m. on Tuesday, 23 July 2024
Closing date of the Offer (<i>Note 3</i>)	Tuesday, 23 July 2024
Record Date	Tuesday, 23 July 2024
Announcement of the results of the Offer on the website of the Stock Exchange	no later than 7:00 p.m. on Tuesday, 23 July 2024
Latest date for (i) despatch of cheques to the Accepting Shareholders and (ii) if applicable, return of the Share certificates for those Shares tendered but not bought-back under the Offer (<i>Note 4</i>)	Thursday, 1 August 2024

EXPECTED TIMETABLE

Notes:

1. The above timetable assumes that the Offer is approved by the Independent Shareholders at the EGM and the Conditions are satisfied resulting in the Offer becoming unconditional on Tuesday, 9 July 2024.
2. If a tropical cyclone warning signal No. 8 or above is or is expected to be hoisted or a black rainstorm warning signal or “extreme conditions” announced by the Government of Hong Kong is or is expected to be in force at any time after 7:00 a.m. on the date of the EGM, the EGM will be adjourned. The Company may post an announcement on the respective websites of the Stock Exchange and the Company to notify the Shareholders of the date, time and venue of the reconvened meeting.
3. The Executive has agreed, subject to the approval of the Independent Shareholders for the Offer and the Whitewash Waiver at the EGM by way of poll, to waive any obligation of Top Group to make a general offer which might result from completion of the Offer. Assuming that the resolutions relating to the Offer and the Whitewash Waiver will be approved by the Independent Shareholders and the Offer has become unconditional on Tuesday, 9 July 2024, being the date of the EGM, the Offer will remain open for acceptance for a period of 14 days thereafter and will not be extended.
4. Remittance for the total amounts due to the Accepting Shareholders under the Offer (subject to deduction of seller’s *ad valorem* stamp duty payable on the Shares bought-back from such Accepting Shareholders) will be made by the Company no later than 7 Business Days after the close of the Offer.
5. All references to dates and time contained in this Offer Document refer to Hong Kong dates and time.

EFFECT OF BAD WEATHER ON THE LATEST ACCEPTANCE TIME AND/OR THE LATEST DATE FOR DESPATCH OF CHEQUES

If there is/are (i) a tropical cyclone warning signal number 8 or above; (ii) a “black” rainstorm warning signal; or (iii) “extreme conditions” announced by the Government of Hong Kong (a) in force in Hong Kong at any local time before 12:00 noon but no longer in force after 12:00 noon on the closing day of the Offer and/or the latest date for despatch of cheques for the amounts due under the Offer in respect of valid acceptances (as the case may be), the latest time and date for acceptance of the Offer will remain at 4:00 p.m. on the same Business Day and/or the latest date for despatch of cheques will remain on the same Business Day; or (b) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the closing day of the Offer and/or the latest date for despatch of cheques for the amounts due under the Offer in respect of valid acceptances (as the case may be), the latest time and date for acceptance of the Offer will be rescheduled to 4:00 p.m. on the following Business Day and/or the latest date for despatch of cheques will be rescheduled to the following Business Day which does not have any of those warnings in force at any time after 12:00 noon or such other time and date as the Executive may approve.

DEFINITIONS

In this Offer Document, unless otherwise defined or the context otherwise requires, the following expressions shall have the following meanings. Where terms are defined and used in only one section in this Offer Document, those defined terms are not included in the table below:

“Accepting Shareholder(s)”	the Qualifying Shareholder(s) accepting the Offer;
“acting in concert”	has the meaning ascribed to it under the Codes;
“Announcement”	the announcement of the Company dated 22 May 2024 in relation to, among other things, the Offer and the Whitewash Waiver;
“Board”	the board of Directors;
“Business Day(s)”	has the meaning ascribed to it under the Codes;
“CCASS”	the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited;
“Codes”	the Hong Kong Codes on Takeovers and Mergers and Share Buy-backs;
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong);
“Company”	Hong Kong Technology Venture Company Limited, a company incorporated in Hong Kong with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1137);
“Conditions”	the conditions to which the Offer is subject, as set out under the section headed “CONDITIONS TO THE OFFER” in the “Letter from Somerley”;
“Director(s)”	the director(s) of the Company;
“EGM”	the extraordinary general meeting of the Company to be convened and held at Ground Floor, HKTV Multimedia and Ecommerce Centre, No. 1 Chun Cheong Street, Tseung Kwan O Industrial Estate, New Territories, Hong Kong on Tuesday, 9 July 2024 at 10:00 a.m. to consider and, if thought fit, approve the resolutions in respect of the Offer and the Whitewash Waiver;

DEFINITIONS

“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director;
“Form of Acceptance”	the form of acceptance issued with this Offer Document for use by the Qualifying Shareholders in connection with the Offer;
“Group”	the Company and its subsidiaries from time to time;
“HKSCC Nominees”	HKSCC Nominees Limited;
“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 committee of the Board, comprising all the independent non-executive Directors, namely Mr. Lee Hon Ying, John, Mr. Peh Jefferson Tun Lu, Mr. Mak Wing Sum, Alvin and Mr. Ann Yu Chiu Andy, who have no interest in the Offer or the Whitewash Waiver, which has been formed to advise the Independent Shareholders in respect of the Offer and the Whitewash Waiver;
“Independent Financial Adviser” or “Rainbow Capital”	Rainbow Capital (HK) Limited, a licensed corporation under the SFO, licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities, being the independent financial adviser appointed to advise the Independent Board Committee in relation to the Offer and the Whitewash Waiver;
“Independent Shareholders”	the Shareholders other than (i) the Top Group Concert Group; (ii) Shareholders involved in or interested in the Whitewash Waiver and/or the Offer (other than as a Shareholder); and (iii) any person who may be required to abstain from voting on the resolutions in respect of the Offer and/or the Whitewash Waiver to be proposed at the EGM in accordance with the Codes;

DEFINITIONS

“Irrevocable Undertakings”	the irrevocable undertakings dated 20 May 2024 given by each of Top Group, Mr. Wong, Mr. Cheung, Worship Ltd., Ms. Wong, Mr. Lau and Ms. Zhou that (a) he/she/it will not, and will procure the holders of Shares whose Shares he/she/it is deemed to be interested in by virtue of Part XV of the SFO not to, accept the Offer; and (b) prior to the earlier of the Offer closing or lapsing: (i) he/she/it will not, and will procure any party acting in concert with him/her/it not to, acquire any Share or other securities of the Company; (ii) he/she/it will not, and will procure any party acting in concert with him/her/it not to, sell, transfer or encumber any Share; and (iii) in the case of Mr. Wong, Mr. Cheung, Ms. Wong, Mr. Lau and Ms. Zhou, he/she will not exercise any Share Option;
“Last Trading Day”	21 May 2024, being the last trading day of the Shares on the Stock Exchange prior to the issue of the Announcement;
“Latest Acceptance Time”	the latest time of receipt by the Registrar of the Forms of Acceptance submitted by the Qualifying Shareholders, being 4:00 p.m. on Tuesday, 23 July 2024, or such later date as the Company may announce in accordance with the requirements of the Codes;
“Latest Practicable Date”	11 June 2024, being the latest practicable date prior to the printing of this Offer Document for the purpose of ascertaining information contained in this Offer Document;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Macau”	the Macau Special Administrative Region of the People’s Republic of China;
“Maximum Number”	the maximum number of Shares to be bought-back pursuant to the Offer, being an aggregate of 100,000,000 Shares, representing approximately 11.25% of the issued Shares as at the Latest Practicable Date;
“Mr. Cheung”	Mr. Cheung Chi Kin, Paul, Chairman and an executive Director;

DEFINITIONS

“Mr. Lau”	Mr. Lau Chi Kong, Chief Executive Officer (International Business) and an executive Director;
“Mr. Wong”	Mr. Wong Wai Kay, Ricky, Vice Chairman, Group Chief Executive Officer and an executive Director;
“Ms. Wong”	Ms. Wong Nga Lai, Alice, Group Chief Financial Officer, Company Secretary and an executive Director;
“Ms. Zhou”	Ms. Zhou Huijing, Chief Executive Officer (Hong Kong) and an executive Director;
“Offer”	a conditional cash offer made by Somerley on behalf of the Company to buy-back Shares at the Offer Price from all Qualifying Shareholders, subject to the Maximum Number;
“Offer Document”	this document (accompanying with the form of proxy for the EGM and the Form of Acceptance);
“Offer Period”	has the meaning ascribed to it under the Codes and commencing from the date of the Announcement (being 22 May 2024);
“Offer Price”	HK\$2.15 per Share;
“Overseas Shareholder(s)”	the Shareholder(s), whose address(es), as shown in the Register of Members, is/are outside Hong Kong;
“Qualifying Shareholder(s)”	Shareholder(s) whose name(s) appear(s) on the Register of Members on the Record Date;
“Record Date”	the record date for the Offer which will be the 14th day after the date of the EGM, i.e. Tuesday, 23 July 2024;
“Register of Members”	the register of members of the Company;
“Registrar”	Computershare Hong Kong Investor Services Limited, the share registrar of the Company;
“Relevant Period”	the period from 22 November 2023, being the date falling six months prior to 22 May 2024 (the commencement date of the Offer Period), up to and including the Latest Practicable Date;

DEFINITIONS

“SFC”	the Securities and Futures Commission of Hong Kong;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Share Buy-backs Code”	the Hong Kong Code on Share Buy-backs;
“Share(s)”	ordinary share(s) in the share capital of the Company;
“Share Options”	the outstanding share options granted pursuant to the share option scheme adopted by the Company on 31 December 2012, pursuant to which options to subscribe for an aggregate of 41,917,962 Shares were outstanding (all of which were vested) as at the Latest Practicable Date;
“Shareholder(s)”	the holder(s) of the Share(s);
“Sommerley”	Sommerley Capital Limited, the financial adviser to the Company in relation to the Offer, a licensed corporation under the SFO, licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities;
“Sommerley Group”	Sommerley and persons controlling, controlled by or under the same control (with the meanings ascribed to such terms in the Codes) as Sommerley;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers;
“Title Documents”	the relevant Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title with respect to ownership of the Share(s) (and/or any satisfactory indemnity or indemnities required in respect thereof);

DEFINITIONS

“Top Group”	Top Group International Ltd., a company incorporated in the British Virgin Islands with limited liability, a Shareholder holding approximately 39.96% of the issued Shares as at the Latest Practicable Date and a corporation accustomed to act in accordance with Mr. Wong’s directions. Its shareholding is held as to (i) 22.30% by Mr. Wong; (ii) 25.90% by Mr. Cheung; (iii) 22.30% by Ms. Tong Oi Ling, Helen; (iv) 20.10% by Mr. Leung Ka Pak, Kapak; and (v) 9.40% by Mr. Yau Ming Yan;
“Top Group Concert Group”	Top Group and parties acting in concert with it (including Mr. Wong, Mr. Cheung, Worship Ltd. and Ms. Wong);
“United States” or “U.S.”	the United States of America, its territories and possessions, any State of the United States and the District of Columbia;
“Whitewash Waiver”	a waiver to be granted by the Executive pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code in respect of the obligations of Top Group to make a mandatory general offer for all the Shares not already owned by Top Group and parties acting in concert with it under Rule 26.1 of the Takeovers Code, which may otherwise arise as a result of completion of the Offer; and
“%”	per cent.

LETTER FROM THE BOARD



Hong Kong Technology Venture Company Limited 香港科技探索有限公司

(Incorporated in Hong Kong with limited liability under the Companies Ordinance)
(Stock Code: 1137)

Executive Directors:

Mr. Cheung Chi Kin, Paul (*Chairman*)
Mr. Wong Wai Kay, Ricky (*Vice Chairman and
Group Chief Executive Officer*)
Ms. Wong Nga Lai, Alice (*Group Chief Financial
Officer and Company Secretary*)
Mr. Lau Chi Kong (*Chief Executive Officer
(International Business)*)
Ms. Zhou Huijing (*Chief Executive Officer
(Hong Kong)*)

*Registered office and principal place of
business in Hong Kong:*

HKTV Multimedia and Ecommerce Centre
No. 1 Chun Cheong Street
Tseung Kwan O Industrial Estate
New Territories
Hong Kong

Independent non-executive Directors:

Mr. Lee Hon Ying, John
Mr. Peh Jefferson Tun Lu
Mr. Mak Wing Sum, Alvin
Mr. Ann Yu Chiu Andy

14 June 2024

To the Shareholders,

Dear Sir/Madam,

**(1) CONDITIONAL CASH OFFER BY
SOMERLEY CAPITAL LIMITED ON BEHALF OF
HONG KONG TECHNOLOGY VENTURE COMPANY LIMITED
TO BUY-BACK UP TO 100,000,000 SHARES
AT HK\$2.15 PER SHARE;
(2) APPLICATION FOR WHITEWASH WAIVER;
AND
(3) NOTICE OF EGM**

INTRODUCTION

On 22 May 2024, the Board announced that a conditional cash offer would be made by Somerley on behalf of the Company to buy-back for cancellation, up to the Maximum Number, being 100,000,000 Shares, representing approximately 11.25% of the issued Shares as at the Latest Practicable Date, at the Offer Price of HK\$2.15 per Share.

LETTER FROM THE BOARD

The purpose of this Offer Document is to provide you with, among other things, (i) detailed information relating to the Offer and the Whitewash Waiver; (ii) a letter from the Independent Board Committee containing its recommendation and advice to the Independent Shareholders as to whether the Offer and the Whitewash Waiver are fair and reasonable and as to acceptance and voting; (iii) a letter of advice from Rainbow Capital containing its advice to the Independent Board Committee and the Independent Shareholders as to whether the Offer and the Whitewash Waiver are fair and reasonable and as to acceptance and voting; and (iv) a notice of EGM to consider and approve, if thought fit, the Offer and the Whitewash Waiver.

The Form of Acceptance accompanying this Offer Document is for use only by the Qualifying Shareholders who wish to accept the Offer.

THE OFFER

The Shares to be bought-back by the Company will not exceed the Maximum Number and there is no minimum number of Shares proposed to be bought-back under the Offer. Upon acceptance of the Offer and upon the basis of the section headed “SALIENT TERMS OF THE OFFER” set out in the “Letter from Somerley” in this Offer Document, the Company will pay the Accepting Shareholders HK\$2.15 per Share in cash.

As at the Latest Practicable Date, there were 888,545,781 Shares in issue. Apart from the Share Options for subscription for an aggregate of 41,917,962 Shares, there are no outstanding options, warrants, derivatives or convertibles which may confer any rights to the holder(s) thereof to subscribe for, convert or exchange into Shares.

The Offer is made in full compliance with the Codes, and is conditional upon fulfillment of all of the following Conditions which are set out in the section headed “CONDITIONS TO THE OFFER” in the “Letter from Somerley” in this Offer Document:

- (a) the approval by more than 50% of the votes cast by the Independent Shareholders, voting in person or by proxy, by way of a poll having been obtained at the EGM in respect of the Offer;
- (b) the approval by at least 75% of the votes cast by the Independent Shareholders, voting in person or by proxy, by way of a poll having been obtained at the EGM in respect of the Whitewash Waiver; and
- (c) the Executive granting the Whitewash Waiver and the satisfaction of any condition attached to the Whitewash Waiver and the Whitewash Waiver not having been revoked or withdrawn.

None of the above Conditions can be waived.

The Offer is not conditional on any minimum number of Shares being tendered for acceptance or any minimum number of Shares to be bought-back under the Offer.

LETTER FROM THE BOARD

The Offer is subject to all of the Conditions being fulfilled in full. If the Whitewash Waiver is not granted by the Executive, or if the resolutions to approve the Offer or the Whitewash Waiver are not passed by the Independent Shareholders, the Offer will not proceed and will immediately lapse.

THE OFFER PRICE

The Offer Price of HK\$2.15 per Share valued the entire issued share capital of the Company as at the Latest Practicable Date at approximately HK\$1,910 million.

The Offer Price represents:

- (a) a premium of approximately 27.2% over the closing price of the Shares of HK\$1.69 as quoted on the Stock Exchange on the Latest Practicable Date;
- (b) a premium of approximately 20.8% over the closing price of the Shares of HK\$1.78 as quoted on the Stock Exchange on the Last Trading Day;
- (c) a premium of approximately 23.0% over the average closing price of approximately HK\$1.75 per Share as quoted on the Stock Exchange for the last 5 trading days up to and including the Last Trading Day;
- (d) a premium of approximately 23.1% over the average closing price of approximately HK\$1.75 per Share as quoted on the Stock Exchange for the last 10 trading days up to and including the Last Trading Day;
- (e) a premium of approximately 33.2% over the average closing price of approximately HK\$1.61 per Share as quoted on the Stock Exchange for the last 30 trading days up to and including the Last Trading Day;
- (f) a discount of approximately 10.8% to the Group's net asset value attributable to the Shareholders of approximately HK\$2.41 per Share pursuant to the latest audited consolidated financial statements of the Company as at and for the year ended 31 December 2023, calculated based on the consolidated net asset value attributable to the Shareholders of HK\$2,145,348,000 as at 31 December 2023 as derived from the audited consolidated financial statements of the Company as at and for the year ended 31 December 2023 and Shares in issue as at the Latest Practicable Date; and
- (g) a discount of approximately 20.7% to the Group's adjusted unaudited consolidated net asset value attributable to the Shareholders of approximately HK\$2.71 per Share, the calculation of which is set out in the section headed "PROPERTY INTERESTS AND ADJUSTED NET ASSET VALUE" in Appendix II to this Offer Document.

LETTER FROM THE BOARD

The Offer Price was determined after taking into account (i) the historical prices of the Shares traded on the Stock Exchange as set out above, (ii) historical financial information of the Company, in particular its net cash position of approximately HK\$573.6 million and investment in other financial assets of approximately HK\$361.8 million as at 31 December 2023, (iii) the prevailing market conditions and sentiments as further elaborated in the section headed “REASONS FOR THE OFFER” below, and (iv) with reference to all comparable share buy-back by general offer transactions in Hong Kong since 2021 that offered median premiums of approximately 16.3% to 17.7%, and average premiums of approximately 23.1% to 26.8%, over the then (average) closing share prices on the last trading day, and for the last 5, 10 and 30 trading days up to and including the date of their respective buy-back announcement.

The Offer Price of HK\$2.15 per Share represents premiums, ranging from approximately 20.8% to 33.2%, over the recent market prices of the Shares during different periods up to and including the Last Trading Day, which are broadly in line with the levels of premiums over the then (average) closing share prices provided in recent years’ share buy-back transactions in Hong Kong, as set out above. The consideration required for the Offer of HK\$215 million, if the Offer is accepted in full, represents approximately 23.0% of the Group’s total net cash and other financial assets of HK\$935.4 million as at 31 December 2023, and the Company considers that completion of the Offer will have no material adverse effect on the Group’s financials, as further discussed in the section headed “FINANCIAL EFFECTS OF THE OFFER” below.

The Company will not increase the Offer Price. Shareholders and potential investors of the Company should be aware that, following the making of this statement, the Company will not be allowed to increase the Offer Price. The Company does not reserve the right to increase the Offer Price.

CONFIRMATION OF FINANCIAL RESOURCES

The consideration for the Offer, being a total of HK\$215 million if the Offer is accepted in full, will be paid to the Accepting Shareholders in cash and will be funded by the internal resources of the Group. Somerley is satisfied that the Company has sufficient financial resources to enable it to satisfy acceptances of the Offer in full.

IRREVOCABLE UNDERTAKINGS

Each of Top Group, Mr. Wong, Mr. Cheung, Worship Ltd., Ms. Wong, Mr. Lau and Ms. Zhou has irrevocably undertaken to the Company that (a) he/she/it will not, and will procure the holders of Shares whose Shares he/ she/ it is deemed to be interested in by virtue of Part XV of the SFO not to, accept the Offer; and (b) prior to the earlier of the Offer closing or lapsing: (i) he/she/it will not, and will procure any party acting in concert with him/her/it not to, acquire any Share or other securities of the Company; (ii) he/she/it will not, and will procure any party acting in concert with him/her/it not to, sell, transfer or encumber any Share; and (iii) in the case of Mr. Wong, Mr. Cheung, Ms. Wong, Mr. Lau and Ms. Zhou, he/she will not exercise any

LETTER FROM THE BOARD

Share Option. The 406,478,940 Shares held by such persons which are subject to the Irrevocable Undertakings represent approximately 45.75% of the issued Shares as at the Latest Practicable Date.

The Irrevocable Undertakings are binding until the closing, lapse or withdrawal of the Offer.

As at the Latest Practicable Date,

- (a) Top Group (a corporation accustomed to act in accordance with Mr. Wong's directions) held 355,051,177 Shares, representing approximately 39.96% of the issued Shares as at the Latest Practicable Date;
- (b) Mr. Wong did not directly hold any Share, and held 10,000,000 outstanding Share Options;
- (c) Mr. Cheung directly and indirectly controlled 51,377,763 Shares, representing approximately 5.78% of the issued Shares as at the Latest Practicable Date, of which:
 - (i) 24,924,339 Shares were held by Worship Ltd., which was controlled by Mr. Cheung and
 - (ii) 26,453,424 Shares were held by Mr. Cheung in his own name. Mr. Cheung also held 9,000,000 outstanding Share Options;
- (d) Ms. Wong held 50,000 Shares, representing approximately 0.01% of the issued Shares as at the Latest Practicable Date, and 4,000,000 outstanding Share Options;
- (e) Mr. Lau did not hold any Share, and held 4,000,000 outstanding Share Options; and
- (f) Ms. Zhou did not hold any Share, and held 3,500,000 outstanding Share Options.

Please refer to the section headed "CHANGES IN SHAREHOLDING STRUCTURE" below for details of their shareholdings.

As at the Latest Practicable Date, neither the Company, nor parties acting in concert with it, nor the Top Group Concert Group, had received any irrevocable commitment to accept the Offer.

LETTER FROM THE BOARD

WHITEWASH WAIVER

As at the Latest Practicable Date, the Top Group Concert Group held 406,478,940 Shares, representing approximately 45.75% of the issued Shares as at the Latest Practicable Date. Pursuant to Rule 32 of the Takeovers Code and Rule 6 of the Share Buy-backs Code, if as a result of a share buy-back, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code.

Depending on the level of acceptances received from the Accepting Shareholders pursuant to the Offer, taking into account the Irrevocable Undertakings and assuming that no Share Options will be exercised by their holders prior to completion of the Offer and all the Conditions are fulfilled, the aggregate interests of the Top Group Concert Group may increase to a maximum level of approximately 51.55% upon completion of the Offer, thereby triggering an obligation under Rule 26 of the Takeovers Code for Top Group to make a mandatory general offer for all the Shares not already owned by it and parties acting in concert with it.

Accordingly, an application has been made to the Executive by Top Group for the Whitewash Waiver. The Executive has agreed, subject to the approval of the Independent Shareholders for the Offer and the Whitewash Waiver at the EGM by way of poll, to waive any obligation of Top Group to make a general offer which might result from completion of the Offer.

The Offer is conditional upon approval by more than 50% of the votes cast by the Independent Shareholders, in person or by proxy, by way of poll at the EGM, the Whitewash Waiver being approved by at least 75% of the votes cast by the Independent Shareholders, in person or by proxy, by way of poll at the EGM and the Whitewash Waiver being granted by the Executive.

If the Offer or the Whitewash Waiver is not approved by the Independent Shareholders, or if the Whitewash Waiver is not granted by the Executive, the Offer will not proceed and will immediately lapse.

Depending on the level of acceptances received from the Accepting Shareholders pursuant to the Offer and in the event that the aggregate interests of the Top Group Concert Group exceed 50% of the issued Shares upon completion of the Offer, the Top Group Concert Group may increase its aggregate shareholding in the Company subsequent to completion of the Offer without triggering any obligation under Rule 26 of the Takeovers Code to make a mandatory general offer.

LETTER FROM THE BOARD

CHANGES IN SHAREHOLDING STRUCTURES

The table below shows (1) the Company's existing shareholding structure as at the Latest Practicable Date and (2) the shareholding structure immediately after completion of the Offer, assuming that (i) all Qualifying Shareholders will accept the Offer in full (and taking into account the Irrevocable Undertakings); (ii) no additional Shares will be issued from the Latest Practicable Date up to and including the date of completion of the Offer; and (iii) (a) no Share Options will be exercised from the Latest Practicable Date up to and including the date of completion of the Offer or (b) all Share Options which were vested as at the Latest Practicable Date will be exercised before completion of the Offer:

Name of Shareholder	As at the Latest Practicable Date		Immediately after completion and full acceptance of the Offer (assuming no Share Options will be exercised from the Latest Practicable Date up to and including the date of completion of the Offer)		Immediately after completion and full acceptance of the Offer (assuming all Share Options which were vested as at the Latest Practicable Date will be fully exercised before completion of the Offer)	
	<i>Number of</i>		<i>Number of</i>		<i>Number of Shares</i>	
	<i>Shares</i>	<i>Approx. %</i>	<i>Shares</i>	<i>Approx. %</i>	<i>Number of Shares</i>	<i>Approx. %</i>
Top Group Concert Group						
Top Group (<i>Note 1</i>)	355,051,177	39.96	355,051,177	45.03	355,051,177	42.75
Mr. Wong (<i>Note 1</i>)	-	-	-	-	10,000,000	1.20
Mr. Cheung (<i>Note 2</i>)	26,453,424	2.98	26,453,424	3.35	35,453,424	4.27
Worship Ltd. (<i>Note 2</i>)	24,924,339	2.81	24,924,339	3.16	24,924,339	3.00
Ms. Wong (<i>Note 3</i>)	50,000	0.01	50,000	0.01	4,050,000	0.49
Aggregate number of Shares held by Top Group Concert Group	406,478,940	45.75	406,478,940	51.55	429,478,940	51.72
Directors						
Mr. Lau Chi Kong	-	-	-	-	4,000,000	0.48
Ms. Zhou Huijing	-	-	-	-	3,500,000	0.42
Independent Shareholders	482,066,841	54.25	382,066,841	48.45	393,484,803	47.38
					<i>(Note 4)</i>	
Total	<u>888,545,781</u>	<u>100.00</u>	<u>788,545,781</u>	<u>100.00</u>	<u>830,463,743</u>	<u>100.00</u>

LETTER FROM THE BOARD

Notes:

1. Top Group is a corporation accustomed to act in accordance with Mr. Wong's directions. Mr. Wong is also interested in 10,000,000 outstanding Share Options.
2. Worship Ltd. is a company controlled by Mr. Cheung. Mr. Cheung is also interested in 9,000,000 outstanding Share Options.
3. Ms. Wong is also interested in 4,000,000 outstanding Share Options.
4. This comprises (i) 382,066,841 Shares held by the Independent Shareholders immediately after completion and full acceptance of the Offer and (ii) 11,417,962 Shares to be issued upon the exercise of outstanding Share Options (excluding those held by Mr. Wong, Mr. Cheung, Ms. Wong, Mr. Lau Chi Kong and Ms. Zhou Huijing).
5. Somerley is the financial adviser to the Company in respect of the Offer. Accordingly, Somerley and relevant members of the Somerley Group are presumed to be acting in concert with the Company in accordance with class (5) of the definition of "acting in concert" in the Codes. Somerley and relevant members of the Somerley Group did not hold any Share as at the Latest Practicable Date.
6. Percentages may not add up to 100% due to rounding.

Assuming that (i) all Qualifying Shareholders will accept the Offer in full (and taking into account the Irrevocable Undertakings); and (ii) no additional Shares will be issued from the Latest Practicable Date up to and including the date of completion of the Offer, over 25% of the issued Shares will be held by public Shareholders and accordingly the Company will comply with the public float requirement under Rule 8.08 of the Listing Rules after completion of the Offer.

As at the Latest Practicable Date, save as disclosed above, neither the Top Group Concert Group, nor the Company nor the parties acting in concert with the Company held, owned, controlled or had direction over any Shares, outstanding options, derivatives, warrants or securities which were convertible or exchangeable into Shares, or had entered into any outstanding derivatives in respect of securities in the Company.

LETTER FROM THE BOARD

DEALINGS IN SHARES BY THE COMPANY AND THE TOP GROUP CONCERT GROUP

The Company repurchased 5,731,000 Shares during the Relevant Period in accordance with the general mandate to repurchase Shares that has been granted by the Shareholders to the Board at the annual general meeting of the Company held on 30 June 2023 but prior to negotiations, discussions or the reaching of understandings or agreements between Top Group and the Directors (including informal discussions) in relation to the Offer and the proposed Whitewash Waiver. The Company will not conduct any on-market share buyback from the Latest Practicable Date up to and including the date on which the Offer closes, lapses or is withdrawn, as the case may be.

Date of repurchase	Number of Shares	Average price paid per Share (HK\$)	Highest price paid per Share (HK\$)
22 November 2023	141,000	2.570	2.570
28 November 2023	249,000	2.578	2.580
29 November 2023	526,000	2.514	2.520
30 November 2023	200,000	2.470	2.470
4 December 2023	1,281,000	2.557	2.560
5 December 2023	3,084,000	2.465	2.540
11 December 2023	250,000	2.394	2.400
Total	<u>5,731,000</u>		

Top Group has confirmed (for itself and on behalf of the parties acting in concert with it) that save for the above mentioned repurchases by the Company, there had been no dealings in the securities in the Company by it or any parties acting in concert with it during the Relevant Period.

OTHER ARRANGEMENTS

As at the Latest Practicable Date and save for the Irrevocable Undertakings, there was no arrangement referred to in Note 8 to Rule 22 of the Takeovers Code (whether by way of option, indemnity or otherwise) in relation to the Shares and relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company which might be material to the Offer or the Whitewash Waiver.

There is no agreement or arrangement, to which the Company or Top Group is a party, which relates to circumstances in which it may or may not invoke or seek to invoke a pre-condition or a Condition to the Offer or the Whitewash Waiver (save as those set out in the section headed “CONDITIONS TO THE OFFER” in the “Letter from Somerley” in this Offer Document).

LETTER FROM THE BOARD

Neither the Company nor its concert parties, nor the Top Group Concert Group, has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company.

As at the Latest Practicable Date and save for the Irrevocable Undertakings, there was no understanding, arrangement, agreement or special deal between (i) any Shareholder of the Company and (ii) either (a) the Company, its subsidiaries or its associated companies; or (b) Top Group Concert Group.

As at the Latest Practicable Date and save for the Offer Price payable under the Offer, there was no consideration, compensation or benefit in whatever form paid or to be paid by the Company, its concert parties or the Top Group Concert Group to any Shareholder in connection with the Offer or the Whitewash Waiver.

INFORMATION ON THE COMPANY AND THE GROUP

The Company has been listed on the Main Board of the Stock Exchange since 1997. Established in 1992, the Group has extensive and successful experience in popularising advanced technology and applications as well as telecom market liberalisation. The Group develops, owns and operates HKTVMall, which is the largest 24-hour online shopping mall in Hong Kong. HKTVMall provides end-to-end and one-stop shop services including online shopping, marketing and digital advertising, big data analysis, smart logistics and fulfilment as well as physical online-to-offline (O2O) stores, and aims to transform all business operations, trading, retail, finance and daily life onto a single digital online platform to establish a unique digital ecosystem.

Furthermore, the Group continues to strengthen its role as technology enabler, actively pursuing and embarking on new venture projects including conducting research and development activities on technologies, implementing technology-driven business operations globally and offering technology solutions as a service. The major new venture projects currently pursued by the Group encompass (i) Wet Market Express – offering express delivery of wet market products within a swift 3-hour timeframe, (ii) Everuts – a credible social commerce platform providing personal shopping services on a global scale, (iii) Self-invented Fully Automated Retail Store and System – with its initial pilot store located in the United Kingdom, and (iv) Life Science projects including, without limitation, research and development on various technologies for human organ preservation and for blood production, the prospects and timing of development and commercialisation of such projects are subject to uncertainties. These ventures highlight the Group's commitment to innovation and its pursuit of diverse business opportunities.

LETTER FROM THE BOARD

FINANCIAL INFORMATION OF THE GROUP

Set out below is a summary of the consolidated financial results of the Group for the two years ended 31 December 2022 and 2023 as extracted from the audited consolidated financial statements included in the annual reports of the Company for the two years ended 31 December 2022 and 2023, respectively:

	For the year ended	
	31 December	
	2022	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Audited)	(Audited)
Revenue	3,828,051	3,811,706
Profit before tax	142,360	38,764
Profit after tax	212,204	45,321

The consolidated net assets of the Company as at 31 December 2023 as extracted from the audited consolidated financial statements as at and for the year ended 31 December 2023 were approximately HK\$2,145 million.

FINANCIAL EFFECTS OF THE OFFER

The unaudited pro forma financial information of the Group upon completion of the Offer, illustrating the financial impact of the Offer on the earnings per Share, net assets per Share, liabilities and working capital (expressed as net current assets/(liabilities)) of the Group, is set out in Appendix III to this Offer Document.

Earnings per Share

Based on the unaudited pro forma financial information of the Group set out in Appendix III to this Offer Document and assuming that full acceptance of the Offer was completed on 1 January 2023 and the Maximum Number had been bought-back under the Offer, the basic earnings per Share for the year ended 31 December 2023 would, as a result, have increased by approximately 12.24% from approximately HK\$0.049 per Share to approximately HK\$0.055 per Share.

Net assets per Share

Based on the unaudited pro forma financial information of the Group set out in Appendix III to this Offer Document and assuming that full acceptance of the Offer was completed on 31 December 2023 and the Maximum Number had been bought-back under the Offer, the net assets per Share as at 31 December 2023 would, as a result, have increased by approximately 1.24% from approximately HK\$2.41 per Share to approximately HK\$2.44 per Share.

LETTER FROM THE BOARD

Total liabilities

The Offer will be paid in cash and funded by internal resources of the Group. The total liabilities of the Group as at 31 December 2023 would remain unchanged at approximately HK\$1,316.43 million following completion of the Offer.

Working capital

Based on the unaudited pro forma financial information of the Group set out in Appendix III to this Offer Document and assuming that full acceptance of the Offer was completed on 31 December 2023 and the Maximum Number had been bought-back under the Offer, the working capital (expressed as net current assets/liabilities) of the Group as at 31 December 2023 would be changed from net current assets of approximately HK\$16.44 million to net current liabilities of approximately HK\$204.56 million.

After taking into consideration, among others, (i) the working capital requirement of the Group, in particular the expected cash generation from and usage in operating activities in the near future, with reference to the net cash generated from operating activities of approximately HK\$554.00 million and approximately HK\$366.67 million in 2022 and 2023 respectively, (ii) net cash position of the Group following completion of the Offer, being approximately HK\$352.59 million based on the unaudited pro forma financial information of the Group set out in Appendix III to this Offer Document, and (iii) the uncommitted banking facilities available to the Group amounting to approximately HK\$1,016.61 million as at 31 December 2023, the Directors confirm that the Group will have sufficient working capital to meet its normal operating requirements after completion of the Offer assuming full acceptance of the Offer.

Based on the above and having considered the manner of funding of the consideration for the Offer, the Company considers that completion of the Offer will have no material adverse effect on the Group's earnings per Share, net assets per Share, liabilities or working capital.

INFORMATION ON THE TOP GROUP CONCERT GROUP

Top Group is a company incorporated in the British Virgin Islands with limited liability, a Shareholder holding approximately 39.96% of the issued Shares as at the Latest Practicable Date, and a corporation accustomed to act in accordance with Mr. Wong's direction. The Top Group Concert Group comprises Top Group and parties acting in concert with it (including Mr. Wong, Mr. Cheung, Worship Ltd. and Ms. Wong). Each of Mr. Wong, Mr. Cheung and Ms. Wong is an executive Director of the Company. Worship Ltd. is a company incorporated in the British Virgin Islands with limited liability and is a company controlled by Mr. Cheung.

Please refer to the section headed "IRREVOCABLE UNDERTAKINGS" above for further details of the Shares held by the members of the Top Group Concert Group.

LETTER FROM THE BOARD

FUTURE INTENTIONS OF THE GROUP AND THE TOP GROUP CONCERT GROUP

It is the intention of the Group and the Top Group Concert Group that the Group will continue to carry on its business and research and development, and the Company's listing on the Stock Exchange will be maintained upon completion of the Offer. The Group and the Top Group Concert Group do not have specific plans: (a) to introduce any major changes to the existing principal business of the Group (including, without limitation, those set out under the section headed "INFORMATION ON THE COMPANY AND THE GROUP" above); (b) to re-deploy the material fixed assets of the Group; or (c) to discontinue the employment of the employees of the Group other than in the ordinary course of business of the Group or due to personal performance or conduct issues.

The Company has no intention to rely on sections 705, 711 to 716 and 718 to 721 of the Companies Ordinance in relation to the right of compulsory acquisition of the Shares held by the minority Shareholders after the Offer. The Company intends to continue to meet the public float requirement of Rule 8.08 of the Listing Rules.

REASONS FOR THE OFFER

The Company considers that:

- (a) the current Share price does not reflect the intrinsic value and business prospects of the Group, having considered that the market prices of the Shares in 2024 up to the Last Trading Day were among the lowest level since 2021, with the lowest closing price of HK\$1.49 per Share on 16 April 2024 as compared to during 2021 to 2023 where the closing prices of the Shares were in the range of HK\$2.42 per Share to HK\$16.28 per Share, despite the substantial increase in the Group's gross merchandise value on order intake (from approximately HK\$6.6 billion in 2021 to approximately HK\$8.4 billion in 2023) and turnover (from approximately HK\$3.1 billion in 2021 to approximately HK\$3.8 billion in 2023) and the continuous profitability recorded during the same period;
- (b) the Offer reflects the Company's confidence in its potential growth and long-term business prospects;
- (c) actively optimising the Company's capital structure through implementing the Offer will enhance earnings per Share, net asset value per Share and overall Shareholder's return; and

LETTER FROM THE BOARD

- (d) the Group's investment and development strategy is for its long-term growth and sustainability, such as continuous exploration of different new venture projects, expansion of distribution and sorting capacity, and requires investment over a period of time. The projects under current development by the Group are expected to be sufficiently funded by the Group's strong liquidity and financial resources (after taking into account the expected payment obligations under the Offer). Such strategy may, in the short to mid-term, affect the Group's profit and overall financial performance. Given the wide pool of Shareholders with diverged investment objectives, such strategy may not align with those who seek short-term returns or consistent dividend pay-out. The Offer will offer some opportunities for exit by such Shareholders.

The Company has considered different options to optimise its capital structure and enhance overall Shareholder's return. For instance, in 2023, the Company announced share repurchase programs and repurchased a total of approximately 35.4 million Shares on the Stock Exchange for cancellation at an aggregate consideration of approximately HK\$110.2 million (excluding related expenses). Given the relatively low liquidity of the Shares as explained below, it would be difficult for the Company to repurchase further Shares on market of a substantial scale. Unlike the Offer, while declaring a special dividend represents one of the means to increase Shareholder's return, it would not have the positive impact on the earnings per Share and net asset value per Share.

After evaluating its cash position and near-term cash optimisation options, the Company believes that making the Offer is the best use of the Company's cash and is in the best interest of the Company and its Shareholders as a whole. The Offer will enhance the earnings per Share and net asset value per Share of the Group upon completion of the Offer and cancellation of the Shares to be bought back. Taking into account the expected payment obligation under the Offer in full, the Company expects to have sufficient funds to finance its operations and to meet its financial obligations as and when they fall due.

The Offer Price represents a premium of approximately 20.8% over the closing price of the Shares of HK\$1.78 as quoted on the Stock Exchange on 21 May 2024 (being the Last Trading Day), a premium of approximately 33.2% over the average closing price of the Shares of approximately HK\$1.61 as quoted on the Stock Exchange for the last 30 trading days up to and including the Last Trading Day, a discount of approximately 10.8% to the Group's net asset value attributable to the Shareholders of approximately HK\$2.41 per Share pursuant to the latest audited consolidated financial statements of the Company as at and for the year ended 31 December 2023 and a discount of approximately 20.7% to the Group's adjusted unaudited consolidated net asset value attributable to the Shareholders of approximately HK\$2.71 per Share (the calculation of which is set out in the section headed "PROPERTY INTERESTS AND ADJUSTED NET ASSET VALUE" in Appendix II to this Offer Document).

LETTER FROM THE BOARD

The recent liquidity of the Shares has been at a relatively low level, with the average and median daily trading volume of approximately 1.6 million Shares and 1.0 million Shares between the beginning of 2024 and the Last Trading Day, compared to the average and median daily trading volume of approximately 4.0 million Shares and 1.4 million Shares respectively in 2023, and approximately 2.2 million Shares and 1.3 million Shares respectively in 2022. Consequently, the Offer provides an opportunity for the Shareholders to at least partially realise their investments. The Offer provides the Shareholders with an option either to tender Shares at a premium over recent market prices, or to increase their proportionate equity interests in the Company by retaining their shareholdings and participating in the future prospects of the Group. After completion of the Offer and cancellation of the Shares to be bought back, all Shareholders will be benefited from the enhanced earnings per Share and net asset value per Share and optimised capital structure.

DIVIDEND

The Board did not recommend the payment of dividends for (a) the six months ended 30 June 2023 or (b) the year ended 31 December 2023. The Company does not intend to announce, declare or pay any dividend, distribution or other return of capital before the close of the Offer.

EGM

The notice of EGM is set out on pages EGM-1 to EGM-3 of this Offer Document. At the EGM, resolutions will be proposed for the purposes of considering and, if thought fit, approving the Offer and the Whitewash Waiver respectively.

A form of proxy is enclosed with this Offer Document for use at the EGM. Whether or not you are able to attend the EGM, please complete the accompanying form of proxy in accordance with the instructions thereon and return the same to the Registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, not later than 48 hours (not taking public holidays into account) before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of a form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof if you so wish.

Pursuant to Rule 2.9 of the Takeovers Code, any matter required by the Codes to be approved by shareholders in general meeting must be conducted by way of a poll. Under Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll (except where the chairman of the meeting, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands). Accordingly, the resolutions to be proposed at the EGM as set out in notice of EGM shall be voted by poll.

LETTER FROM THE BOARD

The Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Lee Hon Ying, John, Mr. Peh Jefferson Tun Lu, Mr. Mak Wing Sum, Alvin and Mr. Ann Yu Chiu Andy, who have no interest in the Offer or the Whitewash Waiver, has been formed to advise the Independent Shareholders in respect of the Offer and the Whitewash Waiver.

At the approval by the Independent Board Committee, Rainbow Capital has been appointed to advise the Independent Board Committee as to whether the Offer and the Whitewash Waiver are fair and reasonable so far as the Independent Shareholders are concerned, whether the Offer and the Whitewash Waiver are in the interests of the Company and the Shareholders as a whole, and as to acceptance and voting for or against the Offer and the Whitewash Waiver. The Independent Shareholders should note that even if he/she/it votes in favour of or against the resolutions to be proposed at the EGM, he/she/it is free nonetheless to accept or not to accept the Offer.

GENERAL

As each of Mr. Wong, Mr. Cheung and Ms. Wong is a member of the Top Group Concert Group, each of Mr. Wong, Mr. Cheung and Ms. Wong has abstained from voting on the board resolutions of the Company in respect of the Offer.

Only Independent Shareholders will be allowed to vote at the EGM. The Top Group Concert Group will abstain from voting on the resolutions in respect of the Offer and the Whitewash Waiver to be proposed at the EGM. No Shareholder, other than the members of the Top Group Concert Group, is required to abstain from voting on the resolutions in respect of the Offer and the Whitewash Waiver to be proposed at the EGM.

RECOMMENDATION

Your attention is drawn to the “Letter from the Independent Board Committee” as set out on pages 36 to 37 of this Offer Document. Your attention is also drawn to the letter of advice from Rainbow Capital which contains, among other things, its advice to the Independent Board Committee and the Independent Shareholders as to whether the Offer and the Whitewash Waiver are fair and reasonable and as to acceptance and voting, and the principal factors and reasons considered by it in arriving at such advice. The text of the “Letter from Rainbow Capital” is set out on pages 38 to 70 of this Offer Document.

Taking into account the “Letter from the Independent Board Committee” and all other factors as stated under the section headed “REASONS FOR THE OFFER” above as a whole, the Board is of the opinion that the terms of the Offer and the Whitewash Waiver are on balance fair and reasonable and in the interest of the Company and the Shareholders as a whole. The Board therefore recommends the Independent Shareholders to vote in favour of the resolutions to be proposed at the EGM approving the Offer and the Whitewash Waiver.

Your attention is also drawn to the principal terms of the Offer as set out in Appendix I to this Offer Document, and the general information as set out in Appendix V to this Offer Document.

LETTER FROM THE BOARD

Shareholders and potential investors should note that the Offer is subject to all of the Conditions being fulfilled in full and, therefore, may or may not become unconditional and the Offer may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares. The Company will publish an announcement on or about 9 July 2024 to inform the Shareholders as to whether or not the Offer has become unconditional.

Yours faithfully,
By Order of the Board
Hong Kong Technology Venture Company Limited
Wong Nga Lai, Alice
*Executive Director, Group Chief Financial Officer
and Company Secretary*

LETTER FROM SOMERLEY



SOMERLEY CAPITAL LIMITED
20th Floor
China Building
29 Queen's Road Central
Hong Kong

14 June 2024

To the Shareholders,

Dear Sir or Madam,

**(1) CONDITIONAL CASH OFFER BY
SOMERLEY CAPITAL LIMITED ON BEHALF OF
HONG KONG TECHNOLOGY VENTURE COMPANY LIMITED
TO BUY-BACK UP TO 100,000,000 SHARES
AT HK\$2.15 PER SHARE;
AND
(2) APPLICATION FOR WHITEWASH WAIVER**

INTRODUCTION

On 22 May 2024, the Board announced that a conditional cash offer would be made by Somerley on behalf of the Company to buy-back for cancellation, up to the Maximum Number, being 100,000,000 Shares, representing approximately 11.25% of the issued Shares as at the Latest Practicable Date, at the Offer Price of HK\$2.15 per Share.

The Shares to be bought-back by the Company will not exceed the Maximum Number and there is no minimum number of Shares proposed to be bought-back under the Offer. If the Offer is fully accepted, it will result in the Company paying HK\$215 million in aggregate to the Accepting Shareholders, which will be paid in cash.

This letter sets out details of the terms of the Offer. Further details of the terms and conditions of the Offer are set out in Appendix I to this Offer Document and the accompanying Form of Acceptance.

Your attention is drawn to the “Letter from the Board” as set out on pages 7 to 23 of this Offer Document. You are also strongly advised to read the “Letter from the Independent Board Committee” as set out on pages 36 to 37 of this Offer Document which contains its recommendation to the Independent Shareholders in respect of the Offer and the Whitewash Waiver, and the “Letter from Rainbow Capital” as set out on pages 38 to 70 of this Offer Document containing its advice to the Independent Board Committee and the Independent Shareholders in respect of the Offer and the Whitewash Waiver.

LETTER FROM SOMERLEY

SALIENT TERMS OF THE OFFER

The Offer is being made by Somerley on behalf of the Company subject to fulfilment of the Conditions to buy-back the Shares on the following basis up to the Maximum Number, being 100,000,000 Shares.

For every Share HK\$2.15 in cash

All Qualifying Shareholders are entitled to accept the Offer by submitting the Forms of Acceptance for the sale of any number of their Shares to the Company.

The salient terms of the Offer are as follows:

- (a) Somerley is making the Offer to the Shareholders on behalf of the Company to buy-back the Shares, up to the Maximum Number, at the Offer Price;
- (b) Qualifying Shareholders may accept the Offer in respect of any number of their Shares at the Offer Price up to their entire shareholding (subject to the procedures for scaling down and the treatment of fractions described under the section headed “OTHER TERMS OF THE OFFER” below);
- (c) The Offer is not conditional upon a minimum number of Shares being tendered for buy-back;
- (d) All Shares validly tendered will be bought-back to the extent that the aggregate number of Shares bought-back pursuant to the Offer will not thereby exceed the Maximum Number. If the number of Shares validly tendered exceeds the Maximum Number, the number of Shares to be bought-back from each Accepting Shareholder will be reduced proportionally so that the number of Shares bought-back by the Company in aggregate is equal to the Maximum Number. Further details of the procedures for scaling down are described under the section headed “OTHER TERMS OF THE OFFER” below;
- (e) A Form of Acceptance duly received by or on behalf of the Company will become irrevocable and cannot be withdrawn after the Offer has been declared unconditional unless in accordance with Rule 19.2 of the Takeovers Code;
- (f) Shares will be bought-back in cash, free of commission, levies and dealing charges, save that the amount of seller’s *ad valorem* stamp duty due on the Shares bought-back attributable to the Accepting Shareholders, calculated at a rate of 0.1% of the market value of the Shares to be bought-back under the Offer, or the consideration payable by the Company in respect of relevant acceptances of the Offer, whichever is the higher, will be deducted from the amount payable to the Accepting Shareholders and will be paid by the Company on behalf of the Accepting Shareholders. The Company will

LETTER FROM SOMERLEY

arrange for payment of the seller's *ad valorem* stamp duty on behalf of the Accepting Shareholders in respect of the Offer to the Stamp Duty Office in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong);

- (g) Shares bought-back will be treated as cancelled and will not be entitled to any dividend declared for any record date set subsequent to the date of their cancellation. As at the Latest Practicable Date, the Company did not intend to announce, declare or pay any dividend, distribution or other return of capital before the close of the Offer; and
- (h) Shares will be bought-back free from all liens, charges, encumbrances, equitable interests, rights of pre-emption or other third party rights of any nature. Accordingly, the submission of a Form of Acceptance by an Accepting Shareholder will be deemed to constitute a warranty by that Accepting Shareholder to Somerley and the Company that the Shares are being sold free from all liens, charges, encumbrances, equitable interests, rights of pre-emption or other third party rights of any nature and together with all rights accruing or attaching thereto, including, without limitation, the right to receive dividends and other distributions declared, made or paid, if any, on or after the date of their cancellation. As at the Latest Practicable Date, there were no dividends or other distributions declared by the Company that had not been paid.

In compliance with Rule 3 of the Share Buy-backs Code, the Offer is subject to the approval by the Independent Shareholders in a general meeting by a majority of votes by way of a poll and is also subject to the other Conditions as referred to in the section headed "CONDITIONS TO THE OFFER" below. If the Offer is declared unconditional, Qualifying Shareholders will be able to tender their Shares for acceptance under the Offer for a period of 14 days thereafter.

THE OFFER PRICE

The Offer Price of HK\$2.15 per Share valued the entire issued share capital of the Company as at the Latest Practicable Date at approximately HK\$1,910 million.

The Offer Price represents:

- (a) a premium of approximately 27.2% over the closing price of the Shares of HK\$1.69 as quoted on the Stock Exchange on the Latest Practicable Date;
- (b) a premium of approximately 20.8% over the closing price of the Shares of HK\$1.78 as quoted on the Stock Exchange on the Last Trading Day;

LETTER FROM SOMERLEY

- (c) a premium of approximately 23.0% over the average closing price of approximately HK\$1.75 per Share as quoted on the Stock Exchange for the last 5 trading days up to and including the Last Trading Day;
- (d) a premium of approximately 23.1% over the average closing price of approximately HK\$1.75 per Share as quoted on the Stock Exchange for the last 10 trading days up to and including the Last Trading Day;
- (e) a premium of approximately 33.2% over the average closing price of approximately HK\$1.61 per Share as quoted on the Stock Exchange for the last 30 trading days up to and including the Last Trading Day;
- (f) a discount of approximately 10.8% to the Group's net asset value attributable to the Shareholders of approximately HK\$2.41 per Share pursuant to the latest audited consolidated financial statements of the Company as at and for the year ended 31 December 2023, calculated based on the consolidated net asset value attributable to the Shareholders of HK\$2,145,348,000 as at 31 December 2023 as derived from the audited consolidated financial statements of the Company as at and for the year ended 31 December 2023 and Shares in issue as at the Latest Practicable Date; and
- (g) a discount of approximately 20.7% to the Group's adjusted unaudited consolidated net asset value attributable to the Shareholders of approximately HK\$2.71 per Share, the calculation of which is set out in the section headed "PROPERTY INTERESTS AND ADJUSTED NET ASSET VALUE" in Appendix II to this Offer Document.

As disclosed in the "Letter from the Board" in this Offer Document, the Offer Price was determined after taking into account (i) the historical prices of the Shares traded on the Stock Exchange, (ii) historical financial information of the Company, (iii) the prevailing market conditions and sentiments, and (iv) with reference to all comparable share buy-back by general offer transactions in Hong Kong since 2021.

The Company will not increase the Offer Price. Shareholders and potential investors of the Company should be aware that, following the making of this statement, the Company will not be allowed to increase the Offer Price. The Company does not reserve the right to increase the Offer Price.

LETTER FROM SOMERLEY

CONFIRMATION OF FINANCIAL RESOURCES

At the Offer Price, the Offer, if accepted in full, will result in the Company paying HK\$215 million in aggregate to the Accepting Shareholders in cash which will be funded by the internal resources of the Group. Somerley is satisfied that the Company has sufficient financial resources to enable it to satisfy acceptances of the Offer in full.

CONDITIONS TO THE OFFER

The Offer is conditional upon fulfillment of all of the following Conditions:

- (a) the approval by more than 50% of the votes cast by the Independent Shareholders, voting in person or by proxy, by way of a poll having been obtained at the EGM in respect of the Offer;
- (b) the approval by at least 75% of the votes cast by the Independent Shareholders, voting in person or by proxy, by way of a poll having been obtained at the EGM in respect of the Whitewash Waiver; and
- (c) the Executive granting the Whitewash Waiver and the satisfaction of any conditions attached to the Whitewash Waiver and the Whitewash Waiver not having been revoked or withdrawn.

None of the Conditions above can be waived.

The Offer is not conditional on any minimum number of Shares being tendered for acceptance or any minimum number of Shares to be bought-back under the Offer.

The Top Group Concert Group and those who are involved in or interested in the Whitewash Waiver and/or the Offer (other than as a Shareholder) will abstain from voting on the resolutions in respect of the Offer and the Whitewash Waiver to be proposed at the EGM.

The Offer is subject to all of the Conditions being fulfilled in full. If the Whitewash Waiver is not granted by the Executive, or if the resolutions to approve the Offer or the Whitewash Waiver are not passed by the Independent Shareholders, the Offer will not proceed and will immediately lapse.

LETTER FROM SOMERLEY

OTHER TERMS OF THE OFFER

Qualifying Shareholders may accept the Offer in respect of some or all of their shareholding. If valid acceptances are received for the Maximum Number or fewer Shares, all Shares validly accepted will be bought-back. If valid acceptances received exceed the Maximum Number, the total number of Shares to be bought-back by the Company from each Accepting Shareholder will be determined in accordance with the following formula:

$$\frac{A}{B} \times C$$

A = 100,000,000 Shares, being the Maximum Number

B = Total number of Shares tendered by all Accepting Shareholders under the Offer

C = Total number of Shares tendered by the relevant individual Accepting Shareholder under the Offer

As a result, it is possible that not all of such Shares tendered by an Accepting Shareholder will ultimately be bought-back. The total number of Shares which will be bought-back by the Company will not exceed the Maximum Number.

IRREVOCABLE UNDERTAKINGS

Each of Top Group, Mr. Wong, Mr. Cheung, Worship Ltd., Ms. Wong, Mr. Lau and Ms. Zhou has irrevocably undertaken to the Company that (a) he/she/it will not, and will procure the holders of Shares whose Shares he/she/it is deemed to be interested in by virtue of Part XV of the SFO not to, accept the Offer; and (b) prior to the earlier of the Offer closing or lapsing: (i) he/she/it will not, and will procure any party acting in concert with him/her/it not to, acquire any Share or other securities of the Company; (ii) he/she/it will not, and will procure any party acting in concert with him/her/it not to, sell, transfer or encumber any Share; and (iii) in the case of Mr. Wong, Mr. Cheung, Ms. Wong, Mr. Lau and Ms. Zhou, he/she will not exercise any Share Option. The 406,478,940 Shares held by such persons which are subject to the Irrevocable Undertakings represent approximately 45.75% of the issued Shares as at the Latest Practicable Date.

The Irrevocable Undertakings are binding until the closing, lapse or withdrawal of the Offer.

As at the Latest Practicable Date,

- (a) Top Group (a corporation accustomed to act in accordance with Mr. Wong's directions) held 355,051,177 Shares, representing approximately 39.96% of the issued Shares as at the Latest Practicable Date;

LETTER FROM SOMERLEY

- (b) Mr. Wong did not directly hold any Share, and held 10,000,000 outstanding Share Options;
- (c) Mr. Cheung directly and indirectly controlled 51,377,763 Shares, representing approximately 5.78% of the issued Shares as at the Latest Practicable Date, of which:
 - (i) 24,924,339 Shares were held by Worship Ltd., which was controlled by Mr. Cheung and
 - (ii) 26,453,424 Shares were held by Mr. Cheung in his own name. Mr. Cheung also held 9,000,000 outstanding Share Options;
- (d) Ms. Wong held 50,000 Shares, representing approximately 0.01% of the issued Shares as at the Latest Practicable Date, and 4,000,000 outstanding Share Options;
- (e) Mr. Lau did not hold any Share, and held 4,000,000 outstanding Share Options; and
- (f) Ms. Zhou did not hold any Share, and held 3,500,000 outstanding Share Options.

As at the Latest Practicable Date, neither the Company, nor parties acting in concert with it, nor the Top Group Concert Group, had received any irrevocable commitment to accept the Offer.

WHITEWASH WAIVER

As at the Latest Practicable Date, the Top Group Concert Group held 406,478,940 Shares, representing approximately 45.75% of the issued Shares as at the Latest Practicable Date. Pursuant to Rule 32 of the Takeovers Code and Rule 6 of the Share Buy-backs Code, if as a result of a share buy-back, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code.

Depending on the level of acceptances received from the Accepting Shareholders pursuant to the Offer, taking into account the Irrevocable Undertakings and assuming that no Share Options will be exercised by their holders prior to completion of the Offer and all the Conditions are fulfilled, the aggregate interests of the Top Group Concert Group may increase to a maximum level of approximately 51.55% upon completion of the Offer, thereby triggering an obligation under Rule 26 of the Takeovers Code for Top Group to make a mandatory general offer for all the Shares not already owned by it and parties acting in concert with it.

As at the Latest Practicable Date, the Company did not believe that the transactions contemplated under the Offer and the Whitewash Waiver would give rise to any concerns in relation to compliance with other applicable rules or regulations (including the Listing Rules) in Hong Kong. The Company notes that the Executive may not grant the Whitewash Waiver if the transactions under the Offer do not comply with other applicable rules or regulations.

Accordingly, an application has been made to the Executive by Top Group for the Whitewash Waiver. The Executive has agreed, subject to the approval of the Independent

LETTER FROM SOMERLEY

Shareholders for the Offer and the Whitewash Waiver at the EGM by way of poll, to waive any obligation of Top Group to make a general offer which might result from completion of the Offer.

If the Offer or the Whitewash Waiver is not approved by the Independent Shareholders, or if the Whitewash Waiver is not granted by the Executive, the Offer will not proceed and will immediately lapse.

PROCEDURES FOR ACCEPTANCE

The Offer is open for acceptance from the date of this Offer Document. If all the Conditions are satisfied and the Offer is declared unconditional, the Offer will be open for acceptance for a period of 14 days after the Offer has become unconditional. However, payment of the Offer will only be made after the close of the Offer. The cheques for the payment of consideration under the Offer will not be despatched until after the Form of Acceptance is completed in all respects and the Title Documents have been received by the Registrar. Assuming the Offer has become unconditional, Shares tendered under the Offer shall be paid for by the Company as soon as possible but in any event no later than 7 Business Days after the close of the Offer.

In order to accept the Offer, Qualifying Shareholders should complete and return the accompanying Form of Acceptance in compliance with Note 1 to Rule 30.2 of the Takeovers Code and in accordance with the instructions set out in this Offer Document and the instructions printed on the Form of Acceptance. The instructions in this Offer Document should be read together with the instructions on the Form of Acceptance (which instructions form part of the terms of the Offer).

In order to be valid, the duly completed Form of Acceptance should be forwarded, together with the Title Documents for not less than the number of Shares in respect of which the relevant Qualifying Shareholder wishes to accept the Offer, by post or by hand to the Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong, in an envelope marked “**Hong Kong Technology Venture Company Limited – Buy-back Offer**” as soon as possible after receipt of the Form of Acceptance but in any event so as to reach the Registrar by no later than 4:00 p.m. (Hong Kong time) on Tuesday, 23 July 2024, or such later time and/or date as the Company may, subject to the Codes, decide and announce.

No Form of Acceptance received after the Latest Acceptance Time will be accepted.

If the Form of Acceptance is executed by a person other than the registered holder, appropriate evidence of authority (for instance, a grant of probate or certified copy of a power of attorney) must be delivered to the Registrar with the completed Form of Acceptance.

No acknowledgement of receipt of any Form of Acceptance or Title Documents will be given.

LETTER FROM SOMERLEY

Only one Form of Acceptance may be submitted by each Qualifying Shareholder to the Registrar.

Acceptances duly received will become irrevocable and cannot be withdrawn after the Offer has been declared unconditional unless in accordance with Rule 19.2 of the Takeovers Code.

OVERSEAS SHAREHOLDERS

The making of the Offer to the Overseas Shareholders may be subject to the laws of the relevant jurisdictions. The laws of the relevant jurisdictions may prohibit the making of the Offer to the Overseas Shareholders or require compliance with certain filing, registration or other requirements in respect of the Offer.

The availability of the Offer to any Overseas Shareholders may be affected by the applicable laws, regulations and rules of their relevant jurisdictions of residence. The Overseas Shareholders should observe any applicable legal and regulatory requirements and, where necessary, consult their own professional advisers in the relevant jurisdictions.

It is the responsibility of each Overseas Shareholder who wishes to accept the Offer to satisfy himself/herself/itself as to the full observance of the laws of the relevant jurisdictions in that connection, including the obtaining of any governmental or other consents which may be required or compliance with other necessary formalities or legal requirements. Any acceptance of the Offer by any Shareholder shall be deemed to constitute a representation and warranty from such Shareholder to the Company and Somerley that all applicable local laws and requirements have been observed and complied with. For the avoidance of doubt, neither Hong Kong Securities Clearing Company Limited nor HKSCC Nominees will give, or be subject to, any of the above representation and warranty. Overseas Shareholders should consult their professional advisers if in doubt.

According to the Register of Members, as at the Latest Practicable Date, the Company had one Overseas Shareholder with registered address located in Macau. No invitation whether directly or indirectly may be made to the public in Macau for the repurchase of any of the Shares. As at the Latest Practicable Date, the Company had made enquiries and understood that under the applicable legislations and regulations of Macau, there was no regulatory restriction of any regulatory body or stock exchange in Macau with respect to extending the Offer to the Overseas Shareholder in Macau. Accordingly, the Offer will be extended to the Overseas Shareholder with registered address in Macau.

ODD LOTS

The Shares are currently traded in board lot of 1,000 Shares each. There is no intention to change the board lot size as a result of the Offer. Qualifying Shareholders should note that acceptance of the Offer may result in their holding of odd lots of Shares.

LETTER FROM SOMERLEY

Computershare Hong Kong Investor Services Limited, whose address is at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong (telephone number: (852) 2862 8555, prior appointment required) has been appointed by the Company as the designated broker to, on a best effort basis, match sales and purchases of odd lot holdings of Shares in the market for a period of six weeks from the completion of the Offer to enable Accepting Shareholders to dispose of their odd lots or to top up their odd lots to whole board lots. Such Accepting Shareholders should note that the matching of odd lots is not guaranteed. Further details of the related arrangements will be announced after the Offer has become unconditional, as and if appropriate.

NOMINEE REGISTRATION OF SHARES

To ensure equality of treatment of all Qualifying Shareholders, those registered Shareholders who hold Shares as nominees for more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. In order for beneficial owners of the Shares, whose investments are registered in nominee names (including those whose interests in Shares are held through CCASS), to accept the Offer, it is essential that they provide instructions to their nominee agents of their intentions with regard to the Offer as soon as possible. Qualifying Shareholders with their Shares held by a nominee company may consider whether they would like to arrange for registration of the relevant Shares in the name of the beneficial owner(s).

RESPONSIBILITY FOR DOCUMENTS

All communications, notices, Forms of Acceptance, Title Documents and remittances to be delivered or sent by, to or from any Qualifying Shareholder will be delivered or sent by, to or from him/her/it, or his/her/its designated agents, at his/her/its risk and none of the Company, Somerley, the Registrar or any of their respective directors or any other person involved in the Offer accepts any liability for any loss or any other liabilities whatsoever which may rise as a result.

SETTLEMENT

Subject to the Offer becoming unconditional and provided that a duly completed Form of Acceptance, accompanied by the Title Documents, are received by the Registrar by not later than the Latest Acceptance Time (or such later time and/or date as the Company may, with the prior consent of the Executive, decide and announce in accordance with the Codes), the Registrar will inform the relevant Accepting Shareholder by ordinary post of the buy-back of his/her/its Shares. At the same time, the Registrar will send, by ordinary post at that Accepting Shareholder's risk, a remittance for such total amount as is due to that Accepting Shareholder under the Offer (subject to deduction of seller's *ad valorem* stamp duty due on the buy-back of the Shares from the amount payable in cash) no later than 7 Business Days after the close of the Offer.

LETTER FROM SOMERLEY

If the Shares tendered under the Offer have not been bought-back by the Company in full, the Title Documents in respect of the balance of such Shares will be sent to him/her/it by ordinary post at his/her/its risk no later than 7 Business Days after the close of the Offer.

If the Offer does not become unconditional, the Title Documents will be returned and/or sent to each Accepting Shareholder (by ordinary post, at that Accepting Shareholder's own risk) no later than 7 Business Days of the lapse of the Offer. Where such Shareholder has sent one or more transfer receipt(s) and in the meantime one or more Share certificate(s) has/have been collected on that Shareholder's behalf in respect thereof, that Shareholder will be sent (by ordinary post, at that Shareholder's own risk) such Share certificate(s) in lieu of the transfer receipt(s).

TAX IMPLICATIONS

Qualifying Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of their acceptance of the Offer. It is emphasised that none of the Company, its ultimate beneficial owners and parties acting in concert with any of them, Somerley, Rainbow Capital, the Registrar or any of their respective directors or any persons involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any person or persons as a result of acceptance of the Offer.

EGM

The notice of EGM is set out on pages EGM-1 to EGM-3 of this Offer Document. At the EGM, resolutions will be proposed for the purposes of considering and, if thought fit, approving the Offer and the Whitewash Waiver respectively.

Further details on the terms and conditions of the Offer including, among other things, procedures for acceptance and settlement, acceptance period and taxation matters, are set out in Appendix I to this Offer Document and in the Form of Acceptance.

You are strongly advised to consider carefully the information as contained in the "Letter from the Board", the recommendation as contained in the "Letter from the Independent Board Committee" and the advice of Rainbow Capital as contained in the "Letter from Rainbow Capital" in this Offer Document, and to consult their professional advisers as they see fit.

Your attention is also drawn to the information as set out in the appendices to this Offer Document which form part of this Offer Document.

LETTER FROM SOMERLEY

It should be noted that dealings in the Shares will continue notwithstanding that any of the Conditions may remain unfulfilled, and that persons dealing in the Shares will bear the risk that the Offer may lapse.

Yours faithfully,

For and on behalf of

Somerley Capital Limited

M. N. Sabine

Chairman

John Wong

Director

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Set out below is the text of the letter of recommendation from the Independent Board Committee in respect of the Offer and the Whitewash Waiver.



Hong Kong Technology Venture Company Limited **香港科技探索有限公司**

(Incorporated in Hong Kong with limited liability under the Companies Ordinance)
(Stock Code: 1137)

14 June 2024

To the Independent Shareholders,

Dear Sir or Madam,

**(1) CONDITIONAL CASH OFFER BY
SOMERLEY CAPITAL LIMITED ON BEHALF OF
HONG KONG TECHNOLOGY VENTURE COMPANY LIMITED
TO BUY-BACK UP TO 100,000,000 SHARES AT HK\$2.15 PER SHARE;
AND
(2) APPLICATION FOR WHITEWASH WAIVER**

We have been appointed as members of the Independent Board Committee to advise you in respect of the Offer and the Whitewash Waiver, details of which are set out in the “Letter from the Board” in the document of the Company dated 14 June 2024 (the “**Offer Document**”), of which this letter forms part. Rainbow Capital has been appointed with our approval as the independent financial adviser to advise us in relation to the Offer and the Whitewash Waiver. Capitalised terms used in this letter shall have the same meanings as defined in the Offer Document unless the context requires otherwise.

Your attention is drawn to the “Letter from Somerley” as set out on pages 24 to 35 of the Offer Document and Appendix I to the Offer Document containing the principal terms of the Offer, and the “Letter from Rainbow Capital” as set out on pages 38 to 70 of the Offer Document, which contains its advice and recommendation to us and the Independent Shareholders in respect of the Offer and the Whitewash Waiver, as well as the principal factors and reasons for its advice and recommendation.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having considered the factors and reasons considered by, and the opinion of, Rainbow Capital as stated in the aforementioned letter of advice, we are of the opinion that the terms of the Offer and the Whitewash Waiver are fair and reasonable so far as the Independent Shareholders are concerned and that the Offer and the granting of the Whitewash Waiver, which is one of the Conditions, are in the interests of the Company and the Shareholders as a whole. We therefore recommend the Independent Shareholders to vote in favour of the resolutions to approve the Offer and the Whitewash Waiver at the EGM.

We also concur with the advice of Rainbow Capital and recommend the Qualifying Shareholders to accept the Offer.

Yours faithfully,
For and on behalf of
Independent Board Committee

Mr. Lee Hon Ying, John <i>Independent</i> <i>non-executive Director</i>	Mr. Peh Jefferson Tun Lu <i>Independent</i> <i>non-executive Director</i>
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Mr. Mak Wing Sum, Alvin <i>Independent</i> <i>non-executive Director</i>	Mr. Ann Yu Chiu Andy <i>Independent</i> <i>non-executive Director</i>
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LETTER FROM RAINBOW CAPITAL

The following is the full text of a letter of advice from Rainbow Capital, the Independent Financial Adviser to the Independent Board Committee in respect of the Offer and the Whitewash Waiver, which has been prepared for the purpose of incorporation in this Offer Document.

Rainbow Capital (HK) Limited

14 June 2024

To: the Independent Board Committee and the Independent Shareholders

Hong Kong Technology Venture Company Limited
HKTV Multimedia and Ecommerce Centre
No. 1 Chun Cheong Street
Tseung Kwan O Industrial Estate
New Territories, Hong Kong

Dear Sir or Madam,

**CONDITIONAL CASH OFFER BY
SOMERLEY CAPITAL LIMITED ON BEHALF OF
HONG KONG TECHNOLOGY VENTURE COMPANY LIMITED
TO BUY-BACK UP TO 100,000,000 SHARES
AT HK\$2.15 PER SHARE**

APPLICATION FOR WHITEWASH WAIVER

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee in respect of the Offer and the Whitewash Waiver, details of which are set out in the “Letter from the Board” (the “**Letter from the Board**”) of this Offer Document to the Independent Shareholders dated 14 June 2024, of which this letter forms part. Unless the context otherwise requires, capitalised terms used in this letter shall have the same meanings as those defined in this Offer Document.

On 22 May 2024, the Board announced that a conditional cash offer would be made by Somerley on behalf of the Company in compliance with the Codes to buy-back for cancellation up to the Maximum Number, being 100,000,000 Shares, representing approximately 11.25% of the issued Shares as at the Latest Practicable Date, at the Offer Price of HK\$2.15 per Share. The Shares to be bought-back by the Company will not exceed the Maximum Number and there is no minimum number of Shares proposed to be bought-back under the Offer.

LETTER FROM RAINBOW CAPITAL

As at the Latest Practicable Date, there were 888,545,781 Shares in issue, and other than 41,917,962 Share Options granted under the share options scheme of the Company, there are no outstanding options, warrants, derivatives or convertibles which may confer any rights to the holder(s) thereof to subscribe for, convert or exchange into Shares. The maximum amount payable by the Company under the Offer is HK\$215 million. The Offer will be satisfied by internal resources of the Group. Somerley is satisfied that the Company has sufficient financial resources to enable it to satisfy acceptances of the Offer in full.

Each of Top Group, Mr. Wong, Mr. Cheung, Worship Ltd., Ms. Wong, Mr. Lau and Ms. Zhou has irrevocably undertaken to the Company that (i) he/she/it will not, and will procure the holders of Shares whose Shares he/she/it is deemed to be interested in by virtue of Part XV of the SFO not to, accept the Offer; and (ii) prior to the earlier of the Offer closing or lapsing: (a) he/she/it will not, and will procure any party acting in concert with him/her/it not to, acquire any Share or other securities of the Company; (b) he/she/it will not, and will procure any party acting in concert with him/her/it not to, sell, transfer or encumber any Share; and (c) in the case of Mr. Wong, Mr. Cheung, Ms. Wong, Mr. Lau and Ms. Zhou, he/she will not exercise any Share Option. The 406,478,940 Shares held by such persons which are subject to the Irrevocable Undertakings represent approximately 45.75% of the issued Shares as at the Latest Practicable Date. The Irrevocable Undertakings are binding until the closing, lapse or withdrawal of the Offer. As at the Latest Practicable Date, neither the Company, nor parties acting in concert with it, nor the Top Group Concert Group, had received any irrevocable commitment to accept the Offer.

As at the Latest Practicable Date, the Top Group Concert Group held 406,478,940 Shares, representing approximately 45.75% of the issued Shares as at the Latest Practicable Date. Pursuant to Rule 32 of the Takeovers Code and Rule 6 of the Share Buy-backs Code, if as a result of a share buy-back, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code.

Depending on the level of acceptances received from the Accepting Shareholders pursuant to the Offer, taking into account the Irrevocable Undertakings and assuming that no Share Options will be exercised by their holders prior to completion of the Offer and all the Conditions are fulfilled, the aggregate interests of the Top Group Concert Group may increase to a maximum level of approximately 51.55% upon completion of the Offer, thereby triggering an obligation under Rule 26 of the Takeovers Code for Top Group to make a mandatory general offer for all the Shares not already owned by it and parties acting in concert with it. Accordingly, an application has been made to the Executive by Top Group for the Whitewash Waiver. The Executive has indicated that it will grant the Whitewash Waiver, subject to, among others, approval by the Independent Shareholders at the general meeting by way of poll, to waive any obligations of Top Group to make a mandatory general offer which might result from completion of the Offer.

LETTER FROM RAINBOW CAPITAL

The Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Lee Hon Ying, John, Mr. Peh Jefferson Tun Lu, Mr. Mak Wing Sum, Alvin and Mr. Ann Yu Chiu Andy, who have no interest in the Offer and the Whitewash Waiver, has been formed to advise the Independent Shareholders on whether the terms of the Offer and the Whitewash Waiver are fair and reasonable and as to the acceptance and voting respectively. We, Rainbow Capital, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee in the same regard and such appointment has been approved by the Independent Board Committee in accordance with Rule 2.1 of the Takeovers Code.

We are not associated with the Group, the Top Group Concert Group, their respective substantial shareholders or any party/(ies) acting, or presumed to be acting, in concert with any of them. In the last two years, there was no engagement or connection between the Group or the Top Group Concert Group and us other than this appointment concerning the Offer and the Whitewash Waiver. Apart from normal professional fees paid or payable to us in connection with this appointment as the Independent Financial Adviser, no other arrangement exists whereby we will receive any fees or benefits from the Group, the Top Group Concert Group, their respective substantial shareholders or any party acting, or presumed to be acting, in concert with any of them. As such, we are qualified to give independent advice to the Independent Board Committee in respect of the Offer and the Whitewash Waiver pursuant to Rule 2.6 of the Takeovers Code.

BASIS OF OUR OPINION

In formulating our opinion and advice, we have considered, among other things, (i) the information and facts contained or referred to in this Offer Document; (ii) the annual report of the Company for the year ended 31 December 2023 (the “**2023 Annual Report**”); (iii) the information supplied by the Directors and the management of the Group; (iv) the opinions expressed by and the representations of the Directors and the management of the Group; and (v) our review of the relevant public information. We have assumed that all the information provided and representations and opinions expressed to us or contained or referred to in this Offer Document were true, accurate and complete in all material respects as at the date thereof and may be relied upon. We have also assumed that all statements contained and representations made or referred to in this Offer Document are true in all material respects at the time they were made and continue to be true in all material respects as at the Latest Practicable Date and all such statements of belief, opinions and intentions of the Directors and the management of the Group and those as set out or referred to in this Offer Document were reasonably made after due and careful enquiry. We have no reason to doubt the truth, accuracy and completeness of such information and representations provided to us by the Directors and the management of the Group. We have also sought and received confirmation from the Directors that no material facts have been withheld or omitted from the information provided and referred to in this Offer Document and that all information or representations provided to us by the Directors and the management of the Group are true, accurate, complete and not misleading in all material respects at the time they were made and continued to be so until the Latest Practicable Date.

LETTER FROM RAINBOW CAPITAL

The Independent Shareholders will be informed by the Group and us as soon as possible if there is any material change to the information disclosed in the Offer Document during the Offer Period, in which case we will consider whether it is necessary to revise our opinion and inform the Independent Board Committee and the Independent Shareholders accordingly. Should there be any material changes to our opinion after the Latest Practicable Date, the Independent Shareholders would be notified as soon as possible in accordance with Rule 9.1 of the Takeovers Code.

Your attention is drawn to the responsibility statements as set out in the section headed “1. RESPONSIBILITY STATEMENT” of Appendix V to the Offer Document. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Offer Document, save and except for this letter of advice.

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

We have not considered the tax and regulatory implications on the Independent Shareholders of acceptance or non-acceptance of the Offer and the Whitewash Waiver since these depend on their individual circumstances. In particular, the Independent Shareholders who are residents overseas or subject to overseas taxes or Hong Kong taxation on securities dealings should consider their own tax positions and, if in any doubt, should consult their own professional advisers.

LETTER FROM RAINBOW CAPITAL

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion and recommendation with regard to the Offer and the Whitewash Waiver, we have taken into account the following principal factors and reasons:

1. Background and terms of the Offer

On 22 May 2024, the Board announced that a conditional cash offer would be made by Somerley on behalf of the Company in compliance with the Codes to buy-back for cancellation up to the Maximum Number, being 100,000,000 Shares, representing approximately 11.25% of the issued Shares as at the Latest Practicable Date, at the Offer Price of HK\$2.15 per Share.

The Shares to be bought-back by the Company will not exceed the Maximum Number and there is no minimum number of Shares proposed to be bought-back under the Offer. Upon acceptance of the Offer and upon the basis of the section headed “SALIENT TERMS OF THE OFFER” set out in the letter from Somerley in the Offer Document, the Company will pay the Accepting Shareholders HK\$2.15 per Share in cash.

As at the Latest Practicable Date, there were 888,545,781 Shares in issue, and other than 41,917,962 Share Options granted under the share options scheme of the Company adopted by the Company on 31 December 2012, there are no outstanding options, warrants, derivatives or convertibles which may confer any rights to the holder(s) thereof to subscribe for, convert or exchange into Shares. The maximum amount payable by the Company under the Offer is HK\$215 million. The Offer will be satisfied by internal resources of the Group. Somerley is satisfied that the Company has sufficient financial resources to enable it to satisfy acceptances of the Offer in full.

Further details of the Offer are set out in Appendix I to the Offer Document.

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2. Background information of the Group

The Company has been listed on the Main Board of the Stock Exchange since 1997. Established in 1992, the Group has extensive and successful experience in popularising advanced technology and applications as well as telecom market liberalisation. The Group develops, owns and operates HKTVmall, which is the largest 24-hour online shopping mall in Hong Kong. The Group is principally engaged in (i) Hong Kong ecommerce business which covers end-to-end online shopping mall operation (including fulfillment and logistics), multimedia production and other related services; and (ii) new venture and technology business which mainly derives revenue from (a) new venture projects performing research and development activities on technologies, and operating business by adopting the technologies globally; and (b) providing technology solutions to the Group's Hong Kong ecommerce business or external customer to operate online shopping operation.

(i) *Historical financial and operational information*

Set out below is a summary of the consolidated financial information of the Group for the two years ended 31 December 2023 (“FY2022” and “FY2023”, respectively) as extracted from the audited consolidated financial statements of the Group included in the 2023 Annual Report:

	FY2022	FY2023	Year on year
	<i>HK\$'000</i>	<i>HK\$'000</i>	change
	(audited)	(audited)	
Turnover	3,828,051	3,811,706	(0.4%)
– Hong Kong ecommerce business	3,822,694	3,798,962	(0.6%)
– New ventures and technology business	5,357	12,744	137.9%
Cost of inventories	(1,819,490)	(1,865,094)	2.5%
Other operating expenses	(1,868,744)	(1,979,343)	5.9%
Profit before taxation	142,360	38,764	(72.8%)
Profit for the year	212,204	45,321	(78.6%)

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	As at 31 December 2022	As at 31 December 2023	Year on year change
	<i>HK\$'000</i>	<i>HK\$'000</i>	
	(audited)	(audited)	
Non-current assets, including:	2,595,997	2,458,543	(5.3%)
Property, plant and equipment	1,971,551	1,970,085	(0.1%)
Other financial assets	292,791	201,060	(31.3%)
Current assets, including:	1,023,515	1,003,238	(2.0%)
Other current financial assets	51,742	160,712	210.6%
Time deposits	–	243,028	N/A
Cash and cash equivalents	705,807	330,565	(53.2%)
Total cash balance	705,807	573,593	(18.7%)
Total assets	3,619,512	3,461,781	(4.4%)
Current liabilities, including:	968,758	986,797	1.9%
Accounts payable	354,627	382,760	7.9%
Other payables and accrued charges	443,665	446,926	0.7%
Lease liabilities	164,098	151,351	(7.8%)
Non-current liabilities, including:	441,961	329,636	(25.4%)
Lease liabilities	440,395	321,448	(27.0%)
Total liabilities	1,410,719	1,316,433	(6.7%)
Equity attributable to the Shareholders	2,208,793	2,145,348	(2.9%)

For FY2023, turnover of the Group amounted to approximately HK\$3,811.7 million, which remained relatively stable as compared to that of approximately HK\$3,828.1 million for FY2022. Despite the decelerating pace of recovery of the Hong Kong retail sector and the competition pressure from large-scale supermarkets and ecommerce platforms in the PRC, the Group's Hong Kong ecommerce business still managed to record stable revenue of approximately HK\$3,822.7 million and HK\$3,799.0 million for FY2022 and FY2023, respectively, mainly due to the stickiness of the Group's customers and the Group's efforts to expand customer base. The number of monthly active app users of the Group has increased from approximately 1.52 million in December 2022 to approximately 1.68 million in December 2023, and the number of unique customers who made purchase for the Hong Kong ecommerce business has also increased from 1.40 million in FY2022 to 1.51 million in FY2023. On the other hand, revenue from the Group's new ventures and technology

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business has grown by approximately 137.9% to approximately HK\$12.7 million for FY2023. Such increase was mainly due to (a) the rapid growth of Wet Market Express with approximately 10 times increase in monthly gross merchandise value (“GMV”) on order intake when comparing January 2023 with December 2023, as a result of the Group’s strategic use of social media; and (b) the establishment of Everuts in January 2023 which has experienced phenomenal growth since its launch. For details of the Group’s new venture projects on Wet Market Express and Everuts, please refer to the sub-section headed “(ii) New ventures and technology business of the Group” below.

On Hong Kong ecommerce business, while there was a slight decrease in revenue from direct merchandise sales, the Group recorded an increase in cost of inventories of approximately 2.5% as the Group deliberately reduced its prices to maintain its online competitiveness to drive sales, which led to increase in the corresponding cost of inventories. Accordingly, the Group’s gross profit margin for direct merchandise sales has decreased from approximately 26.2% for FY2022 to approximately 23.6% for FY2023.

The Group recorded profit of approximately HK\$45.3 million for FY2023, representing a significant decrease of approximately 78.6% from approximately HK\$212.2 million for FY2022. Such decrease was primarily attributable to (i) the decrease in gross profit margin as mentioned above; and (ii) the increase in other operating expenses by approximately HK\$110.6 million due to (a) the implementation of additional promotional activities during 2023 following the recovery from the COVID-19 pandemic in 2023; (b) the increase in online to offline (O2O) shop operating expenses due to less recharge to fulfilment function for shop pick-up orders and full force on shop operations during 2023 in view of the relaxation of COVID-19 measures which has partially shifted the delivery options back to door-to-door last mile delivery, but in the meantime, with increased shop point-of-sales activities; and (c) the increase in operating expenditures and growing business scale for new ventures and technology business.

As at 31 December 2023, the Group’s total cash balance amounted to approximately HK\$573.6 million and the total other financial assets amounted to approximately HK\$361.8 million. Taking into account that (i) the Group’s significant strategic investment plan and the corresponding capital expenditures will not be carried out and incurred immediately before the completion of the Offer; (ii) the working capital requirement of the Group, in particular the expected cash generation from and usage in operating activities in the near future, with reference to the net cash generated from operating activities of approximately HK\$554.0 million and approximately HK\$366.7 million in 2022 and 2023 respectively; (iii) net cash position of the Group following completion of the Offer, being approximately HK\$352.6 million based on the Unaudited Pro Forma Financial Information; and (iv) Somerley, the financial adviser to the Company in relation to the Offer, is satisfied that the Company has sufficient financial resources to enable it to satisfy acceptances of the Offer in full, we consider that the Group’s total cash balance and the total other financial assets are sufficient to carry out the Offer with maximum amount payable by the Company of HK\$215 million. As compared to that of approximately HK\$705.8 million and HK\$344.5 million respectively as at 31 December 2022, the Group recorded a decrease of

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approximately 18.7% in its cash balance and approximately 5.0% increase in other financial assets as at 31 December 2023, primarily attributable to the decrease in net profit and the Group's share repurchase in the open market during FY2023.

As disclosed in the 2023 Annual Report, amid a complicated and ever-changing global economy and political environment, the Hong Kong economy and society are constantly evolving. Hong Kong's population, including its demographic composition, educational mindset, income levels, age distribution, etc., is undergoing structural changes. Coupled with the downturn in economic confidence, volatile and softened financial and stock markets, falling property prices and reduced trading volume, the retail consumption atmosphere has been significantly weakened. In parallel with the influence from external and global economic and political environment, it is anticipated that a decline in the local consumer market, in which significant growth as in the past will be unlikely. In addition, citizens have resumed outbound travel together with the change in consumption patterns for some Hong Kong consumers with increasing confidence towards the quality of the PRC's products that lead to a surge in cross-border consumption, the retail industry in Hong Kong, especially in houseware products, supermarket products and groceries, faces competition pressure from physical stores and e-commerce platforms in the PRC.

According to the Census and Statistics Department of Hong Kong, in 2023, the Hong Kong's retail sales experienced a rebound of approximately 16.2% as the COVID-19 pandemic subsided, reaching approximately 94.3% of the pre-pandemic level in 2019. Nevertheless, the retail market of Hong Kong has turned sluggish in 2024. According to the Census and Statistics Department of Hong Kong, in the first quarter of 2024, the total retail sales and online retail sales fell by approximately 1.3% and 10.7%, respectively, compared with the same period in 2023. Such sluggish performance of the Hong Kong retail market's recovery is primarily due to the combined factors of domestic consumption leakage to the PRC, increased outbound travels by local residents, decreased number of visitors and changes in spending patterns of residents and visitors. For further analysis on the Hong Kong retail industry, please refer to the sub-section headed "(iii) Industry overview and outlook" below.

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As impacted by the downturn in the retail market of Hong Kong, the Group also experienced slowdown in growth of its Hong Kong ecommerce business. Set out below are the unaudited operational information of the Group for each of the four months ended 30 April 2024 as extracted from the announcements of the Company dated 8 February, 12 March, 12 April and 10 May 2024:

2024	January (restated)	February (restated)	March (restated)	April
Average daily order number	52,000	50,300	50,100	50,300
Average order value (HK\$)	467	429	441	429
Average daily GMV on order intake (HK\$ million)	24.2	21.6	22.1	21.6
Monthly GMV on order intake (HK\$ million)	752	626	684	648
Number of unique customers who made purchases at HKTVmall	623,000	587,000	609,000	594,000
Monthly active HKTVmall app uses	1,645,000	1,576,000	1,651,000	1,627,000
2023	January	February	March	April (restated)
Average daily order number	45,700	48,400	49,600	47,800
Average order value (HK\$)	468	458	448	451
Average daily GMV on order intake (HK\$ million)	21.4	22.2	22.2	21.5
Monthly GMV on order intake (HK\$ million)	664	621	688	646
Number of unique customers who made purchases at HKTVmall	552,000	542,000	567,000	560,000
Monthly active HKTVmall app uses	1,504,000	1,445,000	1,522,000	1,531,000
Year-on-year percentage change for monthly GMV on order take	13.3%	0.8%	(0.6%)	0.3%

Note: In March 2024, the composition of the Hong Kong ecommerce business of the Group has been updated to better reflect the segment performance and certain historical operation data has been restated to reflect the changes.

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As shown in the table above, the operational performance of the Group's Hong Kong ecommerce business had a slight increase of 3.5% in GMV on order intake for the four months ended 30 April 2024 comparing to the same period in 2023, however, moderate drop in the monthly average daily order number, average order value and average daily GMV on order intake was noted in 2024. Save for January 2024, such operation performance also represented generally no or minimum growth from the results in the corresponding month in 2023. In response to this and to cope with the competition pressure from physical stores and ecommerce platforms in the PRC, the Group is expected to require a combination of methods to maintain its competitiveness, such as attracting more merchants outside Hong Kong and may need to engage in price wars to gain market share while increasing operational costs in all aspects. However, as advised by the management of the Group, it is expected even with the aforementioned efforts, the growth rate of GMV on order intake will slow down compared to previous years. On the other hand, the number of unique customers who made purchases at HKTVmall and monthly active HKTVmall app users have been maintained at a stable level in 2024 and is generally higher than the level during the corresponding period in 2023, which indicated a consistent level of engagement and usage of the Group's Hong Kong ecommerce business.

(ii) New ventures and technology business of the Group

Amidst the uncertain development of Hong Kong ecommerce business of the Group, the Group has been actively exploring and developing new projects to expand the horizon of its business. As disclosed in the 2023 Annual Report, in 2023, the Group officially launched various new venture projects and they are under different phases of development and achievements. The major new venture projects currently pursued by the Group includes:

- (a) Wet Market Express: officially launched in October 2022, it provides express delivery as quick as three hours for fresh food purchasing services at the same price level as wet markets. Leveraged on the huge existing customer base of HKTVmall and the Group's existing logistic functions, Wet Market Express rapidly developed and recorded GMV on order intake of HK\$100.6 million in 2023. This business is yet to generate profit and incurred an adjusted EBITDA (being net profit before income tax plus interest expenses on bank loans, depreciation expenses and amortisation expenses and deduct investment returns, adjusted by major non-cash items, excluded non-recurring items including government subsidies and write-off of receivables and other contract costs, net) loss of approximately HK\$50.0 million for FY2023;

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- (b) Everuts: officially launched in January 2023, it is a social ecommerce platform offering personal shopping services in over 30 countries and regions worldwide. Its business model empowers consumers to break free from the limitations of traditional stores that could not fill the demand for unique and personalised shopping experiences, particularly in oversea purchasing. Everuts is gradually scaling up since its launch and it has a network of personal shoppers exceeded 6,000 as at 31 December 2023. In 2023, Everuts generated GMV on order intake of approximately HK\$30.4 million. This business is yet to generate profit and incurred an adjusted EBITDA loss of approximately HK\$21.1 million for FY2023;
- (c) Self-invented fully automated retail store and system: the first pilot store of the fully automated retail store and system launched in August 2023 in the United Kingdom under the brand “in:Five”, which is a new app-powered click and collect convenience store allowing consumers to order products via an app, and collect from the in-store lockers at customers’ selected timeslot as quick as in minutes. This system is still in the investment phase and the project team expects that an additional 1 to 2 years’ time is required to continue refining the design of the system and reviewing the store overall operation for future mass scale deployment. This business incurred an adjusted EBITDA loss of approximately HK\$44.5 million for FY2023; and
- (d) Life science projects: the projects mainly include research and development on various technologies for human organ preservation and for blood production, the prospects and timing of development and commercialisation of such projects are subject to uncertainties. For FY2023, this business incurred an adjusted EBITDA loss of approximately HK\$2.5 million.

As shown from the above, all the new ventures and technology business are still under development and the Group is still absorbing the unavoidable start-up losses from these projects. Nevertheless, the Group sees potential in these new ventures though continued investment is required. In respect of Wet Market Express, the Group believes that despite the shifting purchase habits of the customers, in particular of houseware products, supermarket products and groceries, local fresh food and wet market goods still possess certain “irreplaceable” advantages. Accordingly, the Group will accelerate the deployment and investment in Wet Market Express as it is expected to become one of the Group’s unique strengths. In respect of Everuts, the Group believes that as the global consumer landscape is constantly evolving, there is a growing demand for unique and personalised shopping experiences, which brings good market potential of the Group’s Everuts services as it prioritises customer needs and fosters long-term user adoption.

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Although these new venture projects are currently operating at a loss which may continue to expand in the coming years, the Group considers that such situation is similar to the early stage of HKTVMall and that the Group must first increase the business volume in order to further reduce the cost per order and turn losses into profits. Against this backdrop and for the long-term benefit of the Group, the Group is expected to continue investing into new concepts, technologies and business development in the next three to five years.

(iii) Industry overview and outlook

Set out below are gross domestic product (“GDP”), value of retail sales and value of online retail sales of Hong Kong during the period from 2018 to 2023:

	2018	2019	2020	2021	2022	2023
GDP of Hong Kong (HK\$ million)	2,835,429	2,845,022	2,675,793	2,867,973	2,808,981	2,981,601
Year on year (“YoY”) change (%)	6.6	0.3	(5.9)	7.2	(2.1)	6.1
Value of retail sales (HK\$ million)	485,169	431,160	326,451	352,948	349,964	406,649
Value of online retail sales (HK\$ million)	N/A (Note)	N/A (Note)	20,586	28,626	34,561	32,538

Source: Census and Statistics Department of Hong Kong

Note: such information is not available on the website of the Census and Statistics Department of Hong Kong

As shown in the table above, Hong Kong GDP has increased from approximately HK\$2,835.4 billion in 2018 to approximately HK\$2,981.6 billion in 2023 with a compound annual growth rate (“CAGR”) of approximately 1.0%. In particular, supported by a rebound in inbound tourism and private consumption, Hong Kong’s economy continue to recover in 2023, with GDP growing by approximately 6.1% YoY, after contracting by approximately 2.1% in 2022. According to the 2024-25 Budget of Hong Kong, Hong Kong’s economy will continue to grow with a projected GDP growth rate of 2.5% to 3.5% in 2024 and an average of 3.2% per annum from 2025 to 2028 (source: <https://www.budget.gov.hk/2024/eng/budget03.html#:~:text=Having%20regard%20to%20the%20above,increase%20alongside%20the%20economic%20recovery>).

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As the COVID-19 pandemic subsided and the re-opening of border between the PRC and Hong Kong, Hong Kong's retail sales has experienced a rebound with CAGR of approximately 7.6% from approximately HK\$326.5 million in 2020 to approximately HK\$406.6 million in 2023. Nevertheless, the recovery of the Hong Kong retail market has been relatively slow, with the value of retail sales in 2023 only amounted to approximately 83.8% of the level in 2018. In the meantime, Hong Kong's online retail sales has surged drastically at a CAGR of approximately 16.5% from 2020 to 2023.

However, the retail market in Hong Kong turned sluggish in 2024. According to the Census and Statistics Department of Hong Kong, in the first quarter of 2024, the total retail sales and online retail sales fell by approximately 1.3% and 10.7%, respectively, compared with the corresponding period in 2023. Such decelerating pace of the Hong Kong retail market's recovery is primarily attributable to (a) the weakened retail consumption atmosphere brought by the under performance of Hong Kong's financial and stock markets, falling property prices and reduced trading volume; (b) domestic consumption leakage due to the resumption of outbound travel by Hong Kong residents coupled with the change in consumption patterns for some Hong Kong consumers that lead to a surge in cross-border consumption; and (c) slow return of visitors and visitors' changing spending patterns as a result of the appreciation of Hong Kong dollar against Renminbi and the rapid development of the Chinese ecommerce platforms. Taking into account of the above, we consider that the outlook for the retail market in Hong Kong is uncertain in the short term but would be cautiously optimistic in the long term as the economy recovers.

(iv) Overall comment

The Group has built a solid foundation in its ecommerce business with its large customer base and consumer stickiness, which enables the Group to maintain stable revenue despite challenges in the evolving external environment and allows the Group to explore and develop new ventures and technology business with potential prospect. As the Hong Kong economy recovers and the new ventures further develop, we consider the Group's prospects shall be generally positive in the long run. However, with the current weakened retail consumption atmosphere, the competition pressure from physical stores and ecommerce platforms in the PRC, changes in consumer and visitor spending pattern, the growth of the Group's Hong Kong ecommerce business may be limited in the short term. In addition, all the new venture projects of the Group are currently in various investment stages and operating at losses. While these businesses may bring prospects to the Group after they mature, it is anticipated that further investments would still be required in the coming years which may negatively impact the Group's financial performance in the short run. As such, the Group's financial performance may be uncertain in the near future.

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3. Reasons for and benefits of the Offer

As disclosed in the Letter from the Board, the Company considers that (i) the current Share price does not reflect the intrinsic value and business prospects of the Group, having considered that the market prices of the Shares in 2024 up to the Last Trading Day were among the lowest level since 2021, with the lowest closing price of HK\$1.49 per Share on 16 April 2024 as compared to during 2021 to 2023 where the closing prices of the Shares were in the range of HK\$2.42 per Share to HK\$16.28 per Share, despite the substantial increase in the Group's gross merchandise value on order intake (from approximately HK\$6.6 billion in 2021 to approximately HK\$8.4 billion in 2023) and turnover (from approximately HK\$3.1 billion in 2021 to approximately HK\$3.8 billion in 2023) and the continuous profitability recorded during the same period; (ii) the Offer reflects the Company's confidence in its potential growth and long-term business prospects; (iii) actively optimising the Company's capital structure through implementing the Offer will enhance earnings per Share, net asset value per Share and overall Shareholder's return; and (iv) the Group's investment and development strategy is for its long-term growth and sustainability, such as continuous exploration of different new venture projects, expansion of distribution and sorting capacity, and requires investment over a period of time. The projects under current development by the Group are expected to be sufficiently funded by the Group's strong liquidity and financial resources (after taking into account the expected payment obligations under the Offer). Such strategy may, in the short to mid-term, affect the Group's profit and overall financial performance. Given the wide pool of Shareholders with diverged investment objectives, such strategy may not align with those who seek short-term returns or consistent dividend pay-out. The Offer will offer some opportunities for exit by such Shareholders.

The Company has considered different options to optimise its capital structure and enhance overall Shareholder's return. For instance, in 2023, the Company announced share repurchase programs and repurchased a total of approximately 35.4 million Shares on the Stock Exchange for cancellation at an aggregate consideration of approximately HK\$110.2 million (excluding related expenses). As the share repurchase programs would be conducted by way of on-market repurchases, given the low liquidity of the Shares, it would be difficult or require a prolonged period of time for the Company to repurchase further Shares on market of a substantial scale. Given the above, we consider it is fair and reasonable for the Company to pursue the Offer, rather than to conduct on-market share purchases under the new share repurchase program within the existing repurchase mandate. Unlike the Offer, while declaring a special dividend represents one of the means to increase Shareholder's return, it would not have the positive impact on the earnings per Share and net asset value per Share.

As discussed in the section headed "2. Background information of the Group" above, the current weakened retail consumption atmosphere has negatively affected the retail market in Hong Kong and the Group's Hong Kong ecommerce business, such that the Group recorded limited growth in the ecommerce business in the first four months of 2024 and the Group's original mid term GMV on order intake target of 2026 may not be met. In addition, the Group is currently exploring and developing various new venture projects. As further investments and capital expenditures are anticipated to be required to develop these new ventures in the coming

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years, the Group's financial performance may be adversely impacted in the short run. Consequently, the Group's financial performance may be uncertain in the near future. Taking into account that certain Shareholders may seek short-term returns or consistent dividend pay-out, which does not align with the Company's development strategy, we concur with the Directors that the Offer will offer exit opportunities to such Shareholders.

The Offer Price represents a premium of approximately 20.8% over the closing price of the Shares of HK\$1.78 as quoted on the Stock Exchange on 21 May 2024 (being the Last Trading Day), and a premium of approximately 33.2% over the average closing price of the Shares of approximately HK\$1.61 as quoted on the Stock Exchange for the last 30 trading days up to and including the Last Trading Day. Please refer to the section headed "4. The Offer Price" below for our further analysis on the Offer Price. Further, the trading of the Shares was generally in a low level during 2024. The average daily trading volume of the Shares in the market for each month from January 2024 to April 2024 ranged from approximately 853,163 Shares to approximately 2,266,852 Shares, representing approximately 0.0960% to 0.2551% of the total number of Shares in issue and approximately 0.1770% to 0.4702% of the total number of Shares held by the public, respectively. Given the low trading volume of the Shares in the market compared to the Maximum Number to be bought-back by the Company under the Offer, it is uncertain as to whether there would be sufficient liquidity in the Shares for the Shareholders to dispose of a significant number of Shares in the open market without causing an adverse impact on the market price level of the Shares. As such, the Offer provides an opportunity for the Shareholders to at least partially realise their investments at a premium over the prevailing market prices should they wish to do so.

On the other hand, as advised by the management of the Group, when balancing the long-term growth and short-term profitability, the Group always regards long-term benefits as its higher priority. It is considered that the Group's business strategy of strengthening investments on new technologies and business development and actively exploring new opportunities will bring long-term returns to the Shareholders and the Group's prospects would be generally positive in the long run. In this regard, the Offer provides a mechanism for those Shareholders who do not accept the Offer to increase their proportionate equity interests in the Company by retaining their shareholdings and participate in the future growth of the Group. After completion of the Offer and cancellation of the Shares to be bought back, all Shareholders will benefit from the enhanced earnings per Share and net asset value ("NAV") per Share and optimised capital structure. As disclosed in the section headed "5. Financial effect of the Offer on the Group" below, assuming that the Offer had been completed as at 1 January 2023, the unaudited pro forma adjusted basic earnings per Share would be approximately HK\$0.055 for FY2023, representing an increase of approximately 12.2% as compared to the basic earnings per Share of approximately HK\$0.049 for FY2023. In addition, assuming that the Offer had been completed as at 31 December 2023, the unaudited pro forma adjusted NAV per Share would be approximately HK\$2.44 as at 31 December 2023, representing an increase of approximately 1.24% as compared to the NAV per Share of approximately HK\$2.41 as at 31 December 2023 as derived from the audited consolidated financial statements of the Group for FY2023.

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In light of the above, we concur with the Directors that the Offer (i) reflects the Company's confidence in its potential growth and long-term business prospects; (ii) provides an opportunity for the Shareholders either to sell their Shares at a premium over the prevailing market prices of the Shares and receive cash, or to increase their proportionate interests in the Company by retaining their holdings of the Shares and participating in the future prospects of the Company; and (iii) will enhance the earnings per Share and net asset value per Share of the Group upon completion of the Offer and cancellation of the Shares to be bought back, thus benefiting all Shareholders.

4. The Offer Price

(i) Offer Price comparison

The Offer Price of HK\$2.15 per Share represents:

- (a) a premium of approximately 27.2% over the closing price of HK\$1.69 per Share as quoted on the Stock Exchange as at the Latest Practicable Date;
- (b) a premium of approximately 20.8% over the closing price of HK\$1.78 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (c) a premium of approximately 23.0% over the average closing price of approximately HK\$1.75 per Share as quoted on the Stock Exchange for the last 5 trading days up to and including the Last Trading Day;
- (d) a premium of approximately 23.1% over the average closing price of approximately HK\$1.75 per Share as quoted on the Stock Exchange for the last 10 trading days up to and including the Last Trading Day;
- (e) a premium of approximately 33.2% over the average closing price of approximately HK\$1.61 per Share as quoted on the Stock Exchange for the last 30 trading days up to and including the Last Trading Day;
- (f) a premium of approximately 23.7% over the average closing price of approximately HK\$1.74 per Share as quoted on the Stock Exchange for the last 60 trading days up to and including the Last Trading Day;
- (g) a premium of approximately 17.3% over the average closing price of approximately HK\$1.83 per Share as quoted on the Stock Exchange for the last 90 trading days up to and including the Last Trading Day;

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- (h) a discount of approximately 10.8% to the Group's net asset value attributable to the Shareholders of approximately HK\$2.41 per Share pursuant to the latest audited consolidated financial statements of the Company as at and for the year ended 31 December 2023, calculated based on the consolidated net asset value attributable to the Shareholders of HK\$2,145,348,000 as at 31 December 2023 as derived from the audited consolidated financial statements of the Company as at and for the year ended 31 December 2023 and the Shares in issue as at the Latest Practicable Date; and
- (i) a discount of approximately 20.7% to the Group's adjusted unaudited consolidated net asset value attributable to the Shareholders of approximately HK\$2.71 per Share, the calculation of which is set out in the section headed "PROPERTY INTERESTS AND ADJUSTED NET ASSET VALUE" in Appendix II to the Offer Document.

The Offer Price was determined after taking into account, among other things, (i) the historical prices of the Shares traded on the Stock Exchange as set out above; (ii) historical financial information of the Company, in particular its net cash position of approximately HK\$573.6 million and investment in other financial assets of approximately HK\$361.8 million as at 31 December 2023; (iii) the prevailing market conditions and sentiments as further elaborated in the section headed "REASONS FOR THE OFFER" in the Letter from the Board; and (iv) with reference to all comparable share buy-back by general offer transactions in Hong Kong since 2021 that offered median premiums of approximately 16.3% to 17.7%, and average premiums of approximately 23.1% to 26.8% over the then average closing share prices on the last trading date, and for the last 5, 10 and 30 trading days up to and including the date of their respective buy-back announcement.

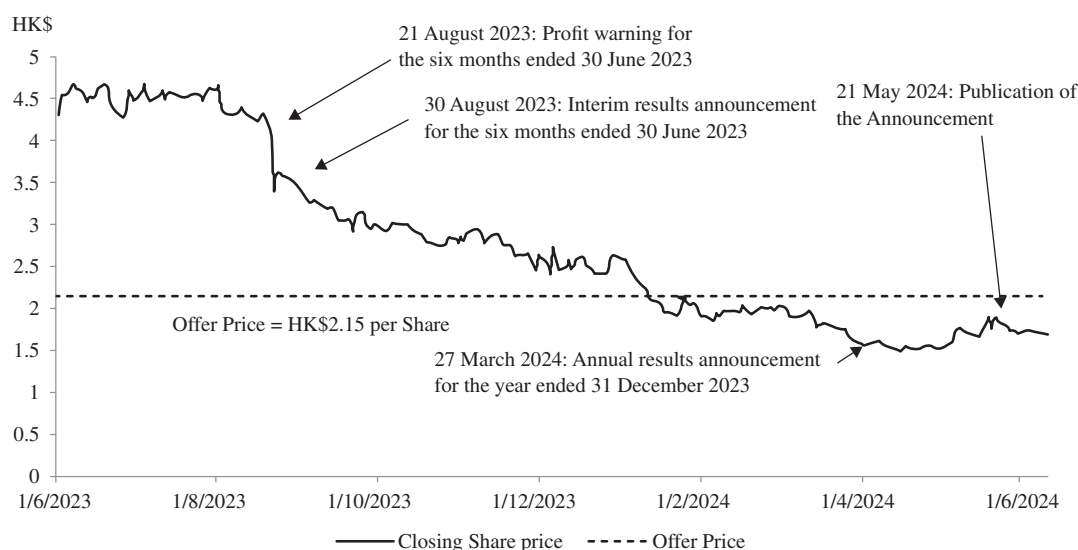
The Offer Price of HK\$2.15 per Share represents premiums, ranging from approximately 20.8% to 33.2%, over the recent market prices of the Shares during different periods up to and including the Last Trading Day, which are broadly in line with the levels of premiums over the then average closing share prices provided in recent years' share buy-back transactions in Hong Kong, as set out above. The consideration required for the Offer of HK\$215 million, if the Offer is accepted in full, represents approximately 23.0% of the Group's total net cash and other financial assets of HK\$935.4 million as at 31 December 2023, and the Company considers that completion of the Offer will have no material adverse effect on the Group's financials, as further discussed in the section headed "FINANCIAL EFFECTS OF THE OFFER" in the Letter from the Board.

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(ii) *Historical Share price performance*

Set out below are the movement of the closing prices of the Shares as quoted on the Stock Exchange from 1 June 2023 to the Last Trading Day (i.e. 21 May 2024), being approximately one year preceding the Last Trading Day, and up to the Latest Practicable Date (the “**Review Period**”). We consider the Review Period is adequate to reflect the general market sentiment and illustrates the general trend and level of movement of the daily closing prices of the Shares.

Share price performance



Source: the website of the Stock Exchange

As shown above, during the Review Period, the closing prices of the Shares ranged from HK\$1.49 on 16 April 2024, representing a discount of approximately 30.7% to the Offer Price, to HK\$4.70 on 7 June 2023, representing a premium of approximately 118.6% over the Offer Price.

The closing prices of the Shares fluctuated between HK\$4.70 per Share and HK\$4.12 per Share from 1 June 2023 to 21 August 2023. After the publication of the profit warning announcement for the six months ended 30 June 2023 on 21 August 2023, the Share price fell rapidly to HK\$3.42 per Share on 22 August 2023 and followed by a downward trend from then on. The Share price hit the lowest of HK\$1.49 per Share on 16 April 2024. On the Last Trading Day, the Share price closed at HK\$1.78 per Share, over which the Offer price represents a premium of approximately 20.8%. Immediately after the publication of the Announcement, the Share price increased to HK\$1.91 per Share on 22 May 2024. As at the Latest Practicable Date, the Share price closed at HK\$1.69 per Share, over which the Offer price represents a premium of approximately 27.2%.

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We noted the Offer Price is below the closing prices of the Shares on the majority of the trading days during the Review Period (i.e. 152 days out of 252 trading days). The Group's net profit decreased by approximately 61.9% for the six months ended 30 June 2023, mainly due to the decrease in gross contribution from the Hong Kong ecommerce business segment and the decrease in deferred tax credit. In the second half of 2023, the Group's business performance did not improve compared to the first half of 2023. The Group's net profit decreased significantly by approximately 78.6% for FY2023, details of which are set out in the section headed "2. Background information of the Group" above. We believe that the decline in performance has led to a downward trend in the Share price since the publication of the profit warning announcement for the six months ended 30 June 2023. The recent Share prices in 2024 have been generally below the average closing prices of the Share during the Review Period of approximately HK\$2.80 per Share.

Taking into account that (a) the Offer Price is above the closing prices of Shares during the period from 12 January 2024 to the Latest Practicable Date; (b) the Offer Price represents premiums of approximately 20.8% and 33.2% over the closing price of the Shares on the Last Trading Day and over the average closing price of the Shares for the last 30 trading days up to and including the Last Trading Day, respectively; (c) the Offer Price represents a premium of approximately 27.2% over the closing price of the Shares as at the Latest Practicable Date; (d) the retail market of Hong Kong has turned sluggish in 2024 due to combination of factors, including the domestic consumption leakage to the PRC, the increased outbound travels by local residents, the decreased number of visitors and changes in spending patterns of residents and visitors, which limited the growth of the Group's Hong Kong ecommerce business; (e) the financial performance of the Group in the coming years may be adversely impacted by the investments and capital expenditures required for the development of new ventures, and thereby investment in the Group may not align with Shareholders who seek for short-term returns; and (f) the Offer Price should be assessed together with the prevailing market conditions and the most recent Share performance of the Group, we consider that the Offer Price is fair and reasonable.

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(iii) Historical trading liquidity of the Shares

The following table sets out the average daily trading volume of the Shares for each month or period and the percentages of such average daily trading volume to the total number of Shares in issue and held by the public during the Review Period.

	Number of trading days	Approximate average daily trading volume	Approximate percentage of average daily trading volume to total number of Shares in issue <i>(Note 1)</i>	Approximate percentage of average daily trading volume to total number of Shares held by the public <i>(Note 2)</i>
2023				
June	21	1,565,205	0.1694%	0.3025%
July	20	1,174,442	0.1271%	0.2270%
August	23	1,894,203	0.2053%	0.3669%
September	19	4,913,873	0.5325%	0.9518%
October	20	907,435	0.1011%	0.1849%
November	22	2,322,458	0.2589%	0.4733%
December	19	10,661,907	1.1999%	2.2117%
2024				
January	22	2,266,852	0.2551%	0.4702%
February	19	928,358	0.1045%	0.1926%
March	20	1,120,882	0.1261%	0.2325%
April	20	853,163	0.0960%	0.1770%
May	21	3,832,043	0.4313%	0.7949%
From 1 June to the Latest Practicable Date	6	738,035	0.0831%	0.1531%

Source: the website of the Stock Exchange

Notes:

1. Based on the total number of the Shares in issue at the end of each month or period.
2. Based on the number of Shares held by public Shareholders at the end of each month or period.

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As illustrated in the table above, except for December 2023, the trading of the Shares was at a low level during the Review Period. The average daily trading volume for the respective month or period during the above period ranged from approximately 738,035 Shares for the period from 1 June 2024 to the Latest Practicable Date to approximately 10,661,907 Shares in December 2023, representing approximately 0.0831% to 0.1531% of the total number of the Shares in issue and approximately 0.1531% to 2.2117% of the total number of the Shares held by the public, respectively.

We consider that the high daily trading volume in December 2023 might be attributable to the publication of the Company's announcement dated 30 November 2023 in relation to the implementation of a new share repurchase program, pursuant to which the Company may utilise a maximum amount of funds of HK\$40,000,000 for share repurchase during the period from 1 December 2023 to the next annual general meeting of the Company which is tentatively to be held in June 2024.

Given the low level of trading liquidity of the Shares in general as illustrated above, if the Independent Shareholders intend to dispose of a significant shareholding in the Company in the market within a short timeframe, it is possible that a downward pressure would be exerted on the market price of the Shares. In such circumstance, the Offer provides an opportunity for the Independent Shareholders with significant shareholding in the Company to at least partially realise their investments in the Company at a premium over the recent market prices. However, should the market price of the Shares rise above the Offer Price during the Offer Period and the sale proceeds (net of transaction costs) exceed the net proceeds receivable under the Offer, the Independent Shareholders may consider selling their Shares in the open market if they would like to divest the securities of the Company in the short-run.

(iv) Comparison with comparable companies

Price-to-earnings ("P/E"), price-to-book ("P/B") and price-to-sale ("P/S") multiples are the three most commonly used benchmarks in valuing a company. P/E is usually adopted for judging valuations for companies which are profit making. On the other hand, P/B is typically applied for valuing companies which hold liquid assets on their balance sheets and their book values approximate their fair market values such as real estate companies, banks and money lenders whereas P/S is appropriate for valuing companies which have volatile earnings or loss but stable revenue such as retailers offering general merchandise. Given that (a) the Group was profit making for the three years ended 31 December 2023; (b) the Group's total assets as at 31 December 2023 amounted to approximately HK\$3,461.8 million, among which property, plant and equipment comprised approximately 56.9% of its total assets, which indicated the Group's business being capital intensive; and (c) the Group's turnover was relatively stable as compared to its fluctuating net profit, we consider the valuation methodologies using all of P/E, P/B and P/S are appropriate in valuing the Group.

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Based on (a) the Offer Price of HK\$2.15 per Share; (b) 888,545,781 Shares in issue as at the Last Trading Day; (c) the net profit of approximately HK\$45,321,000 for FY2023; (d) the adjusted unaudited consolidated net asset value attributable to the Shareholders of approximately HK\$2.71 per Share based on the calculation as set out in the section headed “PROPERTY INTERESTS AND ADJUSTED NET ASSET VALUE” in Appendix II to the Offer Document; and (e) the turnover of approximately HK\$3,811,706,000 for FY2023, the P/E, P/B and P/S implied by the Offer Price are approximately 42.15 times (the “**Implied P/E**”), 0.79 time (the “**Implied P/B**”) and 0.50 time (the “**Implied P/S**”), respectively.

In evaluating the fairness and reasonableness of the Offer Price, we have, based on our search on Bloomberg, identified an exhaustive list of companies (the “**Comparable Companies**”) which (a) are principally engaged in ecommerce business in Hong Kong; (b) have their shares listed and traded on the Main Board of the Stock Exchange; and (c) recorded net profit for the latest financial year. Based on the aforesaid criteria, we have identified 2 Comparable Companies.

The following table set out the details of the Comparable Companies:

Company name (stock code)	Principal activities	Market capitalisation on the Last Trading Day (HK\$ million)	P/E (Note 1) (times)	P/B (Note 1) (times)	P/S (Note 1) (times)
YOHO Group Holdings Limited (2347)	Sales of consumer electronics and home appliances and lifestyle products via ecommerce platform and retail store network	398.3	25.56	1.51	0.50
YesAsia Holdings Limited (2209)	Sales of fashion, lifestyle and beauty products primarily through online platforms	385.2	6.61	1.43	0.25
		Average	16.09	1.47	0.37

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Company name (stock code)	Principal activities	Market capitalisation on the Last Trading Day (HK\$ million)	P/E (Note 1) (times)	P/B (Note 1) (times)	P/S (Note 1) (times)
The Company (1137)	Ecommerce business, including but not limited to the end-to-end online shopping mall operation, multimedia production and other related services and new ventures and technology solution business	1,581.6	42.15 (Note 2)	0.79 (Note 3)	0.50 (Note 4)

Source: Bloomberg and the website of the Stock Exchange

Notes:

1. Being the P/E, P/B and P/S of the respective Comparable Companies on the Last Trading Day;
2. Being the Implied P/E;
3. Being the Implied P/B; and
4. Being the Implied P/S.

As shown in the table above, the Comparable Companies had an average P/E of approximately 16.09 times, an average P/B of approximately 1.47 times and an average P/S of approximately 0.37 time on the Last Trading Day. The Implied P/E of approximately 42.15 times is higher than those of all the Comparable Companies and the Implied P/S of approximately 0.5 time is higher than the average P/S of the Comparable Companies. It is noted that the Implied P/B is lower than those of the Comparable Companies. In this regard, we noted from the latest financial reports of the Comparable Companies that both of these companies did not own properties for their operation, which may result in their lower P/B and hence may not be directly comparable to the Company and shall be excluded for analysis purpose. Based on the results of the P/E and P/S analysis, we consider that the Offer Price is a fair and reasonable exit for the Shareholders from the perspective of investing in the industry that the Group engages in.

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(v) Comparison with comparable transactions

We have performed an analysis of comparable buy-back transactions made by way of a general offer and involved the application of whitewash waiver, excluding privatization transactions, announced on the website of the Stock Exchange since 1 June 2021 and up to the Last Trading Day (“**Comparable Transactions**”). We consider other types of corporate transactions, such as rights issue, open offer and subscription of new shares, involving a whitewash waiver are substantially different from the nature of the Offer. The different purposes may result in different premiums or discounts represented by the offer price. In addition, we consider that a review period covering around three years prior to the Last Trading Day is appropriate as the Comparable Transactions are considered relevant for the purpose of assessing recent market practice in relation to share buy-back that involves the application of whitewash waiver. We had identified a total of four Comparable Transactions that met the said criteria, which represented an exhaustive list. However, we noted that the offer size of the buy-back transaction announced by WH Group Limited (stock code: 288) on 6 June 2021 amounted to approximately HK\$14,952 million, which was significantly higher than the Offer of HK\$215 million and those of other Comparable Transactions. As such, we consider the buy-back transaction conducted by WH Group Limited was not comparable and was therefore excluded from our analysis.

It should be noted that the Comparable Transactions were conducted under different market conditions. The factors and considerations, such as the business sector and market capitalisation of the companies, that affect the premium or discount of the offer prices vary on a case-by-case basis. However, given that the Comparable Transactions could provide us with a meaningful analysis of the market trend of the pricing of buy-back transactions made by way of a general offer that involves the application of whitewash waiver over the past three years, as well as a meaningful benchmark for the Independent Shareholders when evaluating the premiums provided in the Offer, we consider that the Comparable Transactions relevant in assessing the fairness and reasonableness of the Offer Price.

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Set out below is a summary of the Comparable Transactions:

Date of announcement	Company name (stock code)	Percentage of shares to be repurchased	Market capitalisation on the last trading day (HK\$ million)	Offer size (HK\$ million)	Premium of offer price over/(Discount) of offer price to				The average closing price for last 90 trading days up to and including the last trading day	Net asset value or adjusted net asset value (if applicable) attributable to the shareholders per share
					The closing price on the last trading day	The average closing price for last 5 trading days up to and including the last trading day	The average closing price for last 10 trading days up to and including the last trading day	The average closing price for last 30 trading days up to and including the last trading day		
11 July 2023	Shougang Fushan Resources Group Limited (639)	2.47%	10,306	300	17.6%	17.6%	20.6%	9.6%	(2.4%)	(27.7%) (Note 2)
23 December 2022 and 28 March 2023	Skyworth Group Limited (751) (Note 5)	3.87%	9,281	500	58.2%	64.5%	62.9%	67.2%	56.7%	(38.9%) (Note 3)
6 January 2023	SciClone Pharmaceuticals (Holdings) Limited (6600)	11.17%	6,131	780	13.9%	14.2%	17.7%	25.1%	43.5%	131.3% (Note 4)
21 May 2024	The Company	11.25%	1,582	215	20.8%	23.0%	23.1%	33.2%	17.3%	(20.7%) (Note 1)

Notes:

- By taking into account the effect of revaluation surplus arising from the valuation of all the property interests held by the Group as at 30 April 2024, the Group's adjusted unaudited consolidated net asset value attributable to the Shareholders amounted to approximately HK\$2.71 per Share, the calculation of which is set out in the section headed "PROPERTY INTERESTS AND ADJUSTED NET ASSET VALUE" in Appendix II to the Offer Document.
- Discount to the audited net asset value attributable to the shareholders of Shougang Fushan Resources Group Limited per share as at 31 December 2022.
- Discount to the adjusted audited net asset value attributable to the shareholders of Skyworth Group Limited per share as at 31 December 2022, which was adjusted by revaluation surplus based on the valuation of the property interests as at 31 January 2023 as disclosed in its offer document dated 14 April 2023.
- Premium to the unaudited net asset value attributable to the shareholders of SciClone Pharmaceuticals (Holdings) Limited per share as at 30 June 2022.
- The offer price comparison of Skyworth Group Limited is based on the revised offer price as announced by Skyworth Group Limited on 28 March 2023, which increased the offer price from HK\$3.8 per share to HK\$5.0 per share, and the historical share prices immediately prior to the initial announcement for the share buy-back issued by Skyworth Group Limited on 23 December 2022.

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A total of three Comparable Transactions have been identified which represent an exhaustive and representative list based on our selection criteria and are considered appropriate for our evaluation. As set out in the table above, the Offer Price represents:

- (a) a premium of approximately 20.8% over the closing price of the Shares on the Last Trading Day, which is within the range of the Comparable Transactions and higher than the median of those of the Comparable Transactions;
- (b) a premium of approximately 23.0% over the average closing price of the Shares for the last 5 trading days up to and including the Last Trading Day, which is within the range of the Comparable Transactions and higher than the median of those of the Comparable Transactions;
- (c) a premium of approximately 23.1% over the average closing price of the Shares for the last 10 trading days up to and including the Last Trading Day, which is within the range of the Comparable Transactions and higher than the median of those of the Comparable Transactions;
- (d) a premium of approximately 33.2% over the average closing price of the Shares for the last 30 trading days up to and including the Last Trading Day, which is within the range of the Comparable Transactions and higher than the median of those of the Comparable Transactions;
- (e) a premium of approximately 23.7% over the average closing price of the Shares for the last 60 trading days up to and including the Last Trading Day, which is within the range of the Comparable Transactions but lower than the average and median of those of the Comparable Transactions;
- (f) a premium of approximately 17.3% over the average closing price of the Shares for the last 90 trading days up to and including the Last Trading Day, which is within the range of the Comparable Transactions but lower than the average and median of those of the Comparable Transactions;
- (g) a discount of approximately 20.7% to the adjusted net asset value attributable to the Shareholders per Share taking into account the effect of revaluation surplus arising from the valuation of all the property interests held by the Group as at 30 April 2024, the calculation of which as set out in the section headed “PROPERTY INTERESTS AND ADJUSTED NET ASSET VALUE” in Appendix II to the Offer Document, which is within the range of the Comparable Transactions and is lower than the median of those of the Comparable Transactions.

Although the premiums of the Offer Price to the closing prices of the Shares for various periods before the Last Trading Day are all lower than the averages of those of the Comparable Transactions, we consider that such result was distorted by the sample of Skyworth Group Limited (stock code: 751), which had significantly higher premiums as compared to the other

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two comparable companies as it increased its offer price after the initial announcement of the offer. Given the limited sample size of the Comparable Transactions, we consider that the average could be distorted by extrema and may not be as representative as the median. Hence, we consider the medians of those the Comparable Transactions are more relevant to our analysis. Given the premiums of the Offer Price to the closing prices of the Shares for various periods in the 30 trading days before the Last Trading Day were higher than the median of those of the Comparable Transactions and the discount of the Offer Price to the adjusted net asset value attributable to the Shareholders per Share was lower than the median of those of the Comparable Transactions, we consider the Offer Price to be fair and reasonable.

(vi) Overall comment

Taking into account that (a) the Offer Price represents significant premiums of approximately 20.8% and approximately 27.2% over the closing price of the Shares on the Last Trading Day and the Latest Practicable Date, respectively; (b) the Implied P/E is higher than those of the Comparable Companies and the Implied P/S is higher than the average P/S of the Comparable Companies; (c) the premiums of the Offer Price to the closing prices of the Shares for various periods in the 30 trading days before the Last Trading Day were higher than the medians of those of the Comparable Transactions; (d) the discount of the Offer Price to the adjusted net asset value attributable to the Shareholders per Share, which takes into account the effect of revaluation surplus arising from the valuation of all the property interests held by the Group as at 30 April 2024, was lower than the median of those of the Comparable Transactions; and (e) given the low level of liquidity in the Shares, it is uncertain as to whether there would be sufficient liquidity in the Shares for the Independent Shareholders to dispose of a significant number of Shares in the open market without causing an adverse impact on the market price of the Shares, we consider the Offer Price to be fair and reasonable and that the Offer provides an exit alternative for the Independent Shareholders who would like to at least partially realise their investments in the Shares.

5. Financial effect of the Offer on the Group

The unaudited pro forma financial information of the Group (the “**Unaudited Pro Forma Financial Information**”) upon completion of the Offer is set out in Appendix III to the Offer Document.

(i) NAV per Share

As set out in the Unaudited Pro Forma Financial Information, assuming that the Offer had been completed as at 31 December 2023, the unaudited pro forma adjusted consolidated net assets attributable to the Shareholders would be approximately HK\$1,924.3 million as at 31 December 2023. As at the Latest Practicable Date, there were 888,545,781 Shares in issue. Assuming no Share Options would be exercised from the Latest Practicable Date up to and including the date of completion of the Offer and assuming 100,000,000 Shares were bought-back under the Offer, there would be

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788,545,781 Shares as at the Latest Practicable Date. Based on the unaudited pro forma adjusted consolidated net assets attributable to the Shareholders of approximately HK\$1,924.3 million as at 31 December 2023 and 788,545,781 issued Shares, the unaudited pro forma NAV per Share would be approximately HK\$2.44 as at 31 December 2023, representing an increase of approximately 1.24% as compared to the NAV per Share of approximately HK\$2.41 as at 31 December 2023 as derived from the audited consolidated financial statements of the Group for FY2023.

(ii) Earnings per Share

As set out in the 2023 Annual Report, the profit for the year was approximately HK\$45.3 million. Based on the weighted average number of 917,882,894 issued Shares for FY2023, the basic earnings per Share was approximately HK\$0.049 for FY2023.

As set out in the Unaudited Pro Forma Financial Information, assuming that the Offer had been completed as at 1 January 2023, the consolidated profit would still be approximately HK\$45.3 million for FY2023. Based on the pro forma adjusted weighted average number of Shares of 817,882,894, the unaudited pro forma adjusted basic earnings per Share would be approximately HK\$0.055 for FY2023, representing an increase of approximately 12.2% as compared to the basic earnings per Share of approximately HK\$0.049 for FY2023.

(iii) Working Capital

The working capital (expressed as net current assets or liabilities) as at 31 December 2023 would be changed from net current assets of approximately HK\$16.4 million to net current liabilities of approximately HK\$204.6 million.

Nevertheless, after taking into consideration, among others, (i) the working capital requirement of the Group, in particular the expected cash generation from and usage in operating activities in the near future, with reference to the net cash generated from operating activities of approximately HK\$554.0 million and approximately HK\$366.7 million in 2022 and 2023 respectively, (ii) net cash position of the Group following completion of the Offer, being approximately HK\$352.6 million based on the Unaudited Pro Forma Financial Information, and (iii) the uncommitted banking facilities available to the Group amounting to approximately HK\$1,016.6 million as at 31 December 2023, we concur with the Directors that the Group will have sufficient working capital to meet its normal operating requirements after completion of the Offer assuming full acceptance of the Offer.

6. Whitewash Waiver

As at the Latest Practicable Date, the Top Group Concert Group held 406,478,940 Shares, representing approximately 45.75% of the issued Shares. Pursuant to Rule 32 of the Takeovers Code and Rule 6 of the Share Buy-backs Code, if as a result of a share buy-back, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code.

LETTER FROM RAINBOW CAPITAL

Each of Top Group, Mr. Wong, Mr. Cheung, Worship Ltd., Ms. Wong, Mr. Lau and Ms. Zhou has irrevocably undertaken to the Company that (a) he/she/it will not, and will procure the holders of Shares whose Shares he/she/it is deemed to be interested in by virtue of Part XV of the SFO not to, accept the Offer; and (b) prior to the earlier of the Offer closing or lapsing: (i) he/she/it will not, and will procure any party acting in concert with him/her/it not to, acquire any Share or other securities of the Company; (ii) he/she/it will not, and will procure any party acting in concert with him/her/it not to, sell, transfer or encumber any Share; and (iii) in the case of Mr. Wong, Mr. Cheung, Ms. Wong, Mr. Lau and Ms. Zhou, he/she will not exercise any Share Option. The 406,478,940 Shares held by such persons which are subject to the Irrevocable Undertakings represent approximately 45.75% of the issued Shares. The Irrevocable Undertakings are binding until the closing, lapse or withdrawal of the Offer.

Depending on the level of acceptances received from the Accepting Shareholders pursuant to the Offer, taking into account the Irrevocable Undertakings and assuming that no Share Options will be exercised by their holders prior to completion of the Offer and all the Conditions are fulfilled, the aggregate interests of the Top Group Concert Group may increase to a maximum level of approximately 51.55% upon completion of the Offer, thereby triggering an obligation under Rule 26 of the Takeovers Code for Top Group to make a mandatory general offer for all the Shares not already owned by it and parties acting in concert with it. Accordingly, an application has been made to the Executive by Top Group for the Whitewash Waiver. The Executive has indicated that it will grant the Whitewash Waiver, subject to, among others, approval by the Independent Shareholders at the EGM by way of poll, to waive any obligations of Top Group to make a mandatory general offer which might result from completion of the Offer.

The Offer will be conditional upon approval by more than 50% of the votes cast by the Independent Shareholders, in person or by proxy, by way of poll at the EGM, the Whitewash Waiver being approved by at least 75% of the votes cast by the Independent Shareholders, in person or by proxy, by way of poll at the EGM and the Whitewash Waiver being granted by the Executive. If the Offer or the Whitewash Waiver is not approved by the Independent Shareholders, or if the Whitewash Waiver is not granted by the Executive, the Offer will not proceed and will immediately lapse.

The Whitewash Waiver is a condition to the Offer which cannot be waived. The approval of the Whitewash Waiver by the Independent Shareholders will therefore be necessary for the Offer to proceed to completion and for the Shareholders to enjoy the benefits brought about by the Offer. Shareholders should note that if the Whitewash Waiver is not granted by the Executive or is not approved by the Independent Shareholders, the Offer will not become unconditional and the Company will not proceed with the Offer and the Offer will be terminated. In other words, a general offer obligation on the part of the Top Group Concert Group will not arise if Top Group fails to obtain the Whitewash Waiver.

LETTER FROM RAINBOW CAPITAL

OPINION AND RECOMMENDATION

The Offer

Taking into account the principal factors and reasons as discussed above, in particular:

- (i) the Offer provides the Shareholders an option either to tender Shares at a premium over recent market prices, or to increase their proportionate equity interests in the Company by retaining their shareholdings and participating in the future prospects of the Group with enhanced NAV per Share and earnings per Share after the Offer;
- (ii) although the retaining Shareholders can increase their proportionate interests in the Company and participating in the future prospects of the Company with enhanced NAV per Share and earnings per Share after the Offer, the outlook for the retail market in Hong Kong is uncertain in the short term, which may impact the growth of the Group's Hong Kong ecommerce business. The financial performance of the Group in the coming years may also be adversely impacted by the investments and capital expenditures required for the development of new ventures, and hence the investment in the Group may not align with Shareholders who seek for short-term returns;
- (iii) the Offer Price represents premiums of approximately 20.8% and approximately 27.2% over the closing prices of HK\$1.78 and HK\$1.69 per Share on the Last Trading Day and the Latest Practicable Date, respectively;
- (iv) the premiums of the Offer Price over the closing prices of the Shares for various periods in the 90 trading days before the Last Trading Day were significant, in the range of approximately 17.3% to 33.2%;
- (v) given the low level liquidity in the Shares, it is uncertain as to whether there would be sufficient liquidity in the Shares for the Independent Shareholders to dispose of a significant number of Shares in the open market without causing an adverse impact on the market price of the Shares;
- (vi) the Implied P/E is higher than all the Comparable Companies and the Implied P/S lies toward the high end of the Comparable Companies; and
- (vii) the premiums of the Offer Price to the closing prices of the Shares for various periods in the 30 trading days before the Last Trading Day were higher than the medians of those of the Comparable Transactions and the discount of the Offer Price to the adjusted net asset value attributable to the Shareholders per Share, which takes into account the effect of revaluation surplus arising from the valuation of all the property interests held by the Group as at 30 April 2024, was lower than the median of those of the Comparable Transactions,

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we consider that the terms of the Offer (including the Offer Price) are fair and reasonable and in the interest of the Independent Shareholders. Accordingly, we recommend the Independent Board Committee to advise, and we ourselves advise, the Independent Shareholders to vote in favour of the resolution with respect to the approval of the Offer and to accept the Offer.

Nevertheless, Independent Shareholders who are optimistic about the future financial performance of the Group after the Offer, may, having regard to their own circumstances, consider retaining all or any part of their Shares.

The Independent Shareholders are also advised to closely monitor the market price and liquidity of the Shares during the Offer Period, and consider selling their Shares in the open market if they would like to divest the securities of the Company in the short-run, where possible, instead of accepting the Offer, in the event that the market price of the Shares rises above the Offer Price during the Offer Period and the sale proceeds (net of transaction costs) exceed the net proceeds receivable under the Offer.

Independent Shareholders should closely monitor the market price and liquidity of the Shares during the Offer Period and carefully consider the relevant risks and uncertainties based on their individual risk preference and tolerance level. Those Independent Shareholders who decide to retain part or all of their investments in the Shares should also carefully monitor the financial performance of the Group.

The Whitewash Waiver

As aforementioned, the Offer will not proceed if the Whitewash Waiver is not granted by the Executive or the Offer as well as the Whitewash Waiver are not approved by the Independent Shareholders at the EGM.

In view of (i) the aforesaid reasons for and benefits of the Offer; and (ii) that the terms of the Offer are fair and reasonable, we are of the opinion that the approval of the Whitewash Waiver, which is a prerequisite for proceeding with the Offer, is (i) in the interests of the Company and the Shareholders (including the Independent Shareholders); and (ii) is fair and reasonable for the purpose of proceeding with the Offer.

Accordingly, we recommend the Independent Board Committee to advise, and we ourselves advise, the Independent Shareholders to vote in favour of the relevant resolution to be proposed at the EGM to approve the Offer and the Whitewash Waiver.

LETTER FROM RAINBOW CAPITAL

As different Shareholders would have different investment criteria, objectives and/or circumstances, we would recommend any Shareholders who may require advice in relation to any aspect of the Offer Document, or as to the action to be taken, to consult a licensed securities dealer, bank manager, solicitor, professional accountant, tax adviser or other professional adviser.

Yours faithfully,
For and on behalf of
Rainbow Capital (HK) Limited
Larry Choi
Managing Director

Mr. Larry Choi is a licensed person and a responsible officer of Rainbow Capital (HK) Limited registered with the Securities and Futures Commission to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO. He has over 10 years of experience in the corporate finance industry.

Somerley will make the Offer to the Qualifying Shareholders on behalf of the Company to buy-back Shares, on the terms and subject to the Conditions set out in this Offer Document. The principal terms and conditions of the Offer are set out below.

TERMS AND CONDITIONS OF THE OFFER

1. The Offer

The Company is buying back Shares up to the Maximum Number at the Offer Price.

2. Conditions

The Offer is conditional upon fulfillment of all of the following Conditions:

- (a) the approval by more than 50% of the votes cast by the Independent Shareholders, voting in person or by proxy, by way of a poll having been obtained at the EGM in respect of the Offer;
- (b) the approval by at least 75% of the votes cast by the Independent Shareholders, voting in person or by proxy, by way of a poll having been obtained at the EGM in respect of the Whitewash Waiver; and
- (c) the Executive granting the Whitewash Waiver and the satisfaction of any condition attached to the Whitewash Waiver and the Whitewash Waiver not having been revoked or withdrawn.

None of the above Conditions can be waived.

The Executive has agreed, subject to the approval of the Independent Shareholders for the Offer and the Whitewash Waiver at the EGM by way of poll, to waive any obligation of Top Group to make a general offer which might result from completion of the Offer.

The Offer is not conditional on any minimum number of Shares being tendered for acceptance or any minimum number of Shares to be bought-back under the Offer.

The Offer is subject to all of the Conditions being fulfilled in full. If the Whitewash Waiver is not granted by the Executive, or if the resolutions to approve the Offer or the Whitewash Waiver are not passed by the Independent Shareholders, the Offer will not proceed and will immediately lapse.

3. Maximum Number

The Maximum Number of Shares which will be bought-back by the Company pursuant to the Offer is 100,000,000 Shares, representing approximately 11.25% of the issued Shares as at the Latest Practicable Date.

4. Qualifying Shareholders

The Offer is available to all the Qualifying Shareholders whose names appear on the Register of Members as at the Latest Acceptance Time.

5. Acceptance

- (a) Each Qualifying Shareholder may accept the Offer for the buy-back by the Company in respect of some or all of his/her/its Shares at the Offer Price up to his/her/its entire shareholding (subject to the procedures for scaling down described in paragraph (b) below) as at the Latest Acceptance Time by submitting to the Registrar a duly completed Form of Acceptance, accompanied by the Title Documents. Each Share may only be accepted for buy-back by the Company once.
- (b) Qualifying Shareholders may accept the Offer in respect of some or all of their shareholding. If valid acceptances are received for the Maximum Number or fewer Shares, all Shares validly accepted will be bought-back. If valid acceptances received exceed the Maximum Number, the total number of Shares to be bought-back by the Company from each Accepting Shareholder will be determined in accordance with the following formula:

$$\frac{A}{B} \times C$$

A = 100,000,000 Shares, being the Maximum Number

B = Total number of Shares tendered by all Accepting Shareholders under the Offer

C = Total number of Shares tendered by the relevant individual Accepting Shareholder under the Offer

As a result, it is possible that not all of such Shares tendered by an Accepting Shareholder will ultimately be bought-back. The total number of Shares which will be bought-back by the Company will not exceed the Maximum Number.

Fractions of Shares will not be bought-back under the Offer and, accordingly, the number of Shares that the Company will buy-back from each Accepting Shareholder in accordance with the above formula will be rounded up or down to the nearest whole number at the discretion of the Company, provided that the total number of Shares which will be bought-back by the Company will not exceed the Maximum Number.

The decision of the Company as to any scaling down of acceptances in accordance with the above formula and as to the treatment of fractions will be conclusive and binding on all Shareholders.

- (c) The Offer Price will be paid in cash.
- (d) A Form of Acceptance duly received by or on behalf of the Company will become irrevocable and cannot be withdrawn after the Offer has been declared unconditional unless in accordance with Rule 19.2 of the Takeovers Code.
- (e) Shares will be bought-back in cash, free of commission, levies and dealing charges, save that the amount of seller's *ad valorem* stamp duty due on the Shares bought-back attributable to the Accepting Shareholders, calculated at a rate of 0.1% of the market value of the Shares to be bought-back under the Offer, or the consideration payable by the Company in respect of relevant acceptances of the Offer, whichever is the higher, will be deducted from the amount payable to the Accepting Shareholders and will be paid by the Company on behalf of the Accepting Shareholders. The Company will arrange for payment of the seller's *ad valorem* stamp duty on behalf of the Accepting Shareholders in respect of the Offer to the Stamp Duty Office in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).
- (f) Shares bought-back will be treated as cancelled and will not be entitled to any dividend declared for any record date set subsequent to the date of their cancellation. As at the Latest Practicable Date, the Company did not intend to announce, declare or pay any dividend, distribution or other return of capital before the close of the Offer.
- (g) Shares will be bought-back free from all liens, charges, encumbrances, equitable interests, rights of pre-emption or other third party rights of any nature. Accordingly, the submission of a Form of Acceptance by an Accepting Shareholder will be deemed to constitute a warranty by that Accepting Shareholder to Somerley and the Company that the Shares are being sold free from all liens, charges, encumbrances, equitable interests, rights of pre-emption or other third party rights of any nature and together with all rights accruing or attaching thereto, including, without limitation, the right to receive dividends and other distributions declared, made or paid, if any, on or after the date of their cancellation. As at the Latest Practicable Date, there were no dividends or other distributions declared by the Company that had not been paid.

6. Odd Lots Arrangements

- (a) The Shares are currently traded in board lot of 1,000 Shares each. There is no intention to change the board lot size as a result of the Offer. Shareholders should note that acceptance of the Offer may result in their holding of odd lots of Shares.
- (b) Computershare Hong Kong Investor Services Limited, whose address is at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong (telephone number: (852) 2862 8555, prior appointment required) has been appointed by the Company as the designated broker to, on a best effort basis, match sales and purchases of odd lot holdings of Shares in the market for a period of six weeks from the completion of the Offer to enable Accepting Shareholders to dispose of their odd lots or to top up

their odd lots to whole board lots. Such Accepting Shareholders should note that the matching of odd lots is not guaranteed. Further details of the related arrangements will be announced after the Offer has become unconditional, as and if appropriate.

7. Acceptance Period

- (a) The Offer is open for acceptance from the date of this Offer Document. If the Conditions are satisfied, the Offer will be open for acceptance for a period of 14 days after the Offer has become unconditional. In order to be valid, a Form of Acceptance must be duly completed, together with the Title Documents for not less than the number of Shares in respect of which the relevant Qualifying Shareholder wishes to accept the Offer, delivered to and received by the Registrar at or before the Latest Acceptance Time, which is currently expected to be 4:00 p.m. on Tuesday, 23 July 2024, or such later date as the Company may, with the prior consent of the Executive, decide and announce.
- (b) The date when the last one of the Conditions is expected to be satisfied is Tuesday, 9 July 2024, being the date of the EGM (or any adjournment thereof, as the case may be). Such date may be postponed by the Company, subject to the prior consent of the Executive.

8. Irrevocable Acceptances

Forms of Acceptance which have been duly completed and received by the Registrar will constitute irrevocable acceptances of the Offer and cannot be withdrawn after the Offer has become, or has been declared, unconditional unless in accordance with Rule 19.2 of the Takeovers Code.

9. General

- (a) The Shares will be bought-back by the Company on the basis that they are fully paid, their legal and beneficial ownership will be transferred to the Company for subsequent cancellation on the Register of Members and that the Shares are free from all liens, charges, options, claims, equitable interests, adverse interests, rights of pre-emption or third party rights or encumbrances whatsoever and are sold together with all rights accruing or attaching thereto, including, without limitation, the right to receive dividends and other distributions declared, made or paid, if any, on or after the date the Shares are cancelled.
- (b) Qualifying Shareholders may accept the Offer by completing the Form of Acceptance in accordance with the instructions set out in this Offer Document and in the Form of Acceptance (which constitute part of the terms of the Offer). A Form of Acceptance may be rejected as invalid if the procedures contained in this Offer Document and in the Form of Acceptance are not complied with.

- (c) The Offer and all acceptances of it, the Forms of Acceptance and all contracts made pursuant to the Offer, and all actions taken or made or deemed to be taken or made pursuant to these terms will be governed by and construed in accordance with Hong Kong laws. Delivery of a Form of Acceptance will constitute submission to the non-exclusive jurisdiction of the Hong Kong courts.
- (d) The failure of any person to receive this Offer Document or a Form of Acceptance will not invalidate any aspect of the Offer. Extra prints of these documents will be available to any Qualifying Shareholder at the office of the Registrar during office hours between the date of despatch of this Offer Document and the Latest Acceptance Time (both dates inclusive), between 9:00 a.m. to 4:30 p.m. (Hong Kong time) from Mondays to Fridays (other than public holidays), and on the Stock Exchange's website at www.hkexnews.hk and the Company's website at www.hktv.com.hk.
- (e) In the event of any amendment of the terms of the Offer (which will not, for the avoidance of doubt, include an alteration of the Maximum Number), a supplemental document and new Form of Acceptance will be despatched to the Qualifying Shareholders. Any revised offer will be kept open for at least 14 days following the date the revised offer document is posted. If in the course of the Offer, the Company revises the terms of the Offer, all Qualifying Shareholders, whether they have accepted the Offer or not, will be entitled to the revised terms.
- (f) The right of acceptance of the Offer is personal to each Qualifying Shareholder and is not capable of being assigned or renounced in favour of others or otherwise transferred by the Qualifying Shareholders.
- (g) All questions as to the number of Shares bought-back or the price to be paid therefor, and the validity, form, eligibility (including the time of receipt) or acceptance for payment of any acceptance will be determined by the Company in its sole discretion, which determination will be final and binding on all of the parties (except as otherwise required under the applicable law or the Codes). The Company reserves the absolute right to reject any or all acceptances it determines not to be in proper form or the acceptance or payment for which may, in the opinion of the Company, be unlawful. The Company also reserves the absolute right (provided that this is exercised consistently with the requirements of the Codes or otherwise with the Executive's consent) to waive any of the terms of the Offer, except the Conditions, either generally or in a particular case and any defect or irregularity in the acceptance of any particular Share or any particular holder thereof. An acceptance may be rejected as invalid unless all defects or irregularities have been cured or waived. In the event of a waiver, the consideration under the Offer will not be despatched until after the Form of Acceptance is completed in all respects and the Title Documents satisfactory to the Company have been received. None of the Company, Somerley, the

Registrar or any of their respective directors or any other person involved in the Offer is or will be obliged to give notice of any defects or irregularities in acceptances, and none of them will incur any liability for failure to give any such notice.

- (h) Due execution of the Form of Acceptance will constitute an irrevocable authority to any director or officer of the Company or Somerley or their respective agents to complete and execute any document on behalf of the Accepting Shareholders and to do any other act that may be necessary or expedient for the purposes of vesting in the Company, or such persons as the Company shall direct, the Shares which are the subject of such acceptance.
- (i) All communications, notices, Forms of Acceptance, Title Documents and remittances to be delivered or sent by, to or from any Qualifying Shareholder will be delivered or sent by, to or from them, or their designated agents, at their own risk and none of the Company, Somerley, the Registrar or any of their respective directors or any other person involved in the Offer accepts any liability for any loss or any other liabilities whatsoever which may rise as a result.
- (j) Should any Qualifying Shareholder require any assistance in completing the Form of Acceptance or have any enquiries regarding the procedures for tendering and settlement or any other similar aspect of the Offer, the Qualifying Shareholders may contact the Registrar at its hotline at (852) 2862 8555 during the period from 9:00 a.m. on Friday, 14 June 2024 to 4:00 p.m. on the closing day of the Offer (Hong Kong time, both dates inclusive) from Mondays to Fridays (other than public holidays). For the avoidance of doubt, no advice (a) on whether or not to (i) vote for the Offer and the Whitewash Waiver or (ii) accept the Offer; or (b) in respect of the terms of the Offer and the Whitewash Waiver will be given by the Registrar.

PROCEDURES FOR ACCEPTANCE AND SETTLEMENT

1. General Procedures for Acceptance

- (a) In order to accept the Offer, Qualifying Shareholders should complete and return the accompanying Form of Acceptance in accordance with the instructions set out in this Offer Document and the instructions printed on the Form of Acceptance. The instructions in this Offer Document should be read together with the instructions on the Form of Acceptance (which instructions form part of the terms of the Offer).
- (b) In order to be valid, the completed Form of Acceptance in compliance with Note 1 to Rule 30.2 of the Takeovers Code should be forwarded, together with the Title Documents for not less than the number of Shares in respect of which the relevant Qualifying Shareholder wishes to accept the Offer, by post or by hand to the Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong in an envelope marked “**Hong Kong Technology Venture Company Limited – Buy-back Offer**” as

soon as possible after receipt of the Form of Acceptance but in any event so as to reach the Registrar by no later than 4:00 p.m. (Hong Kong time) on Tuesday, 23 July 2024, or such later time and/or date as the Company may, subject to the Codes, decide and announce.

- (c) If no number is inserted or a number inserted is greater than the Shares tendered by the relevant Qualifying Shareholder, as supported by the Title Documents or a mark other than a legible number (including “✓”, “X”, “○”), a word or an illegible number or character is inserted, the Form of Acceptance will be considered as incomplete and the Form of Acceptance will be returned to the relevant Qualifying Shareholder for correction and re-submission. Any corrected Form of Acceptance must be re-submitted and received by the Registrar by not later than 4:00 p.m. (Hong Kong time) on Tuesday, 23 July 2024 or such later time(s) and/or date(s) as may be announced by the Company in compliance with the Codes and approved by the Executive.
- (d) Subject to the procedures for scaling down described under the section headed “TERMS AND CONDITIONS OF THE OFFER” in this Appendix I, a Qualifying Shareholder may accept the Offer in respect of all of his/her/its Shares, or accept the Offer in respect of only part of his/her/its Shares and retain part of the Shares. The Accepting Shareholder who wishes to accept the Offer in respect of only part of his/her/its Shares should arrange for the Title Documents in respect of his/her/its Shares to be split through the Registrar before submitting the Form of Acceptance such that the number of Shares inserted in the Form of Acceptance shall be the same as the number of Shares represented by the Title Documents submitted with such Form of Acceptance. The Form of Acceptance should be submitted and received by the Registrar by not later than 4:00 p.m. (Hong Kong time) on Tuesday, 23 July 2024 or such later time(s) and/or date(s) as may be announced by the Company in compliance with the Codes and approved by the Executive.
- (e) No Form of Acceptance received after the Latest Acceptance Time will be accepted.
- (f) If the Form of Acceptance is executed by a person other than the registered holder, appropriate evidence of authority (for instance, a grant of probate or certified copy of a power of attorney) must be delivered to the Registrar with the completed Form of Acceptance.
- (g) No acknowledgement of receipt of any Form of Acceptance or Title Documents will be given.
- (h) The Company reserves the right, at its sole discretion, to investigate, in relation to any acceptance, whether the representations and warranties set out in this Appendix I could have been properly given by the relevant Qualifying Shareholder and, if such investigation is made and as a result the Company determines (for any reason) that any such representation and/or warranty could not have been properly given, such acceptance may be rejected as invalid.

- (i) In relation to any acceptance of the Offer in respect of Shares held in CCASS in the name of HKSCC Nominees, HKSCC Nominees shall specify in the Form of Acceptance the total number of Shares tendered for acceptance of the Offer by CCASS participants.
- (j) Only one Form of Acceptance may be submitted by each Qualifying Shareholder to the Registrar.

2. Nominee Holdings

- (a) If the Title Documents in respect of a Qualifying Shareholder's Shares are in the name of a nominee company (including those Shares held in CCASS) or some name other than his/her/its own, and such Qualifying Shareholder wishes to accept the Offer (either in full or in respect of part of his/her/its holding(s) of Shares), he/she/it must either:
 - (i) instruct the nominee company, or other nominee to accept the Offer on his/her/its behalf and requesting it to deliver the Form of Acceptance duly completed together with the Title Documents to the Registrar, within such deadline (which may be earlier than the deadline specified under the Offer) as may be stipulated by the nominee; or
 - (ii) arrange for the Shares to be registered in his/her/its name by the Company through the Registrar, and send the Form of Acceptance duly completed together with the Title Documents to the Registrar; or
 - (iii) where his/her/its Shares have been maintained with his/her/its licensed securities dealer/custodian bank through CCASS, instruct his/her/its licensed securities dealer/custodian bank to authorise HKSCC Nominees to accept the Offer on his/her/its behalf on or before the deadline set by HKSCC Nominees. In order to meet the deadline set by HKSCC Nominees, that Qualifying Shareholder should check with his/her/its broker/custodian bank for the timing on processing of his/her/its instruction, and submit such instruction to his/her/its broker/custodian bank as required; or
 - (iv) if that Qualifying Shareholder's Shares have been lodged with his/her/its Investor Participant Account with CCASS, authorise his/her/its instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set by HKSCC Nominees.
- (b) Qualifying Shareholders with such a nominee holding of Shares should ensure that they undertake the above applicable course of action promptly so as to allow their nominee(s) sufficient time to complete the acceptance procedure on their behalf by the Latest Acceptance Time.

3. Recent Transfers

If a Qualifying Shareholder has lodged transfer(s) of Shares for registration in his/her/its name and has not yet received the Share certificate(s) and wishes to accept the Offer, he/she/it should nevertheless complete the Form of Acceptance and deliver it to the Registrar together with the transfer receipt(s) duly signed by him/her/it at or before the Latest Acceptance Time. Such action will be deemed to be an irrevocable authority to the Company and/or Somerley and/or their respective agent(s) to collect from the Company or the Registrar on his/her/its behalf the relevant Share certificate(s) when issued and to deliver such Share certificate(s), subject to the terms of the Offer, as if it/they was/were delivered to the Registrar with the Form of Acceptance.

4. Lost or Unavailable Share Certificates

- (a) If the Title Document(s) is/are not readily available and/or is/are lost and a Qualifying Shareholder wishes to accept the Offer, the Form of Acceptance should nevertheless be completed and delivered to the Registrar so as to reach the Registrar no later than the Latest Acceptance Time and the Title Documents should be forwarded to the Registrar as soon as possible thereafter and in any event before the Latest Acceptance Time.
- (b) If a Qualifying Shareholder has lost his/her/its Title Documents, he/she/it should write to the Registrar and request a letter of indemnity in respect of the lost Title Documents (as the case may be) which, when completed by him/her/it in accordance with the instructions given, should be returned, together with the Form of Acceptance and any Title Documents which are available, to the Registrar either by post or by hand not later than the Latest Acceptance Time. In such cases, the Qualifying Shareholder will be informed of the fees payable to the Registrar for which he/she/it will be responsible.
- (c) Acceptances of the Offer may, at the discretion of the Company, be treated as valid even if not accompanied by the Title Documents but, in such cases, the cash consideration due will not be despatched until the relevant Title Documents have been received by the Registrar or in the case of lost Title Documents, such Title Documents have been cancelled and the Register of Members has been updated.

5. Additional Form of Acceptance

If a Qualifying Shareholder has lost the accompanying Form of Acceptance or such original has become unusable, and requires a replacement of such form, he/she/it should write to the Registrar or visit the Registrar at its office and request additional Form of Acceptance for completion by such Qualifying Shareholder. Alternatively, he/she/it could download it from the website of the Stock Exchange at www.hkexnews.hk or the Company's website at www.hktv.com.hk.

6. Settlement

- (a) Subject to the Offer becoming unconditional and provided that a duly completed Form of Acceptance, accompanied by the Title Documents, are received by the Registrar by not later than the Latest Acceptance Time (or such later time and/or date as the Company may, with the prior consent of the Executive, decide and announce in accordance with the Codes) and are or are deemed to be in order, the Registrar will inform the relevant Accepting Shareholder by ordinary post of the number of Shares to be bought-back from his/her/its tender for the Offer. At the same time, the Registrar will send, by ordinary post at that Accepting Shareholder's risk, a remittance for such total amount as is due to that Accepting Shareholder under the Offer, subject to deduction of the seller's *ad valorem* stamp duty pursuant to paragraph 5(e) in the section headed "TERMS AND CONDITIONS OF THE OFFER" above, no later than 7 Business Days after the close of the Offer.
- (b) If the Offer does not become unconditional, the Title Documents will be returned and/or sent to each Accepting Shareholder (by ordinary post, at that Accepting Shareholder's own risk) no later than 7 Business Days of the lapse of the Offer. Where such Accepting Shareholder has sent one or more transfer receipt(s) and in the meantime one or more Share certificate(s) has/have been collected on that Accepting Shareholder's behalf in respect thereof, that Accepting Shareholder will be sent (by ordinary post, at that Accepting Shareholder's own risk) such Share certificate(s) in lieu of the transfer receipt(s).
- (c) If the Shares tendered under the Offer have not been bought-back by the Company in full, the Title Documents in respect of the balance of such Shares will be sent to him/her/it by ordinary post at his/her/its risk no later than 7 Business Days after the close of the Offer.

7. New Qualifying Shareholders

Any new Qualifying Shareholder may request and collect a copy of this Offer Document, together with the form of proxy and a blank Form of Acceptance, from the Registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong during office hours between the date of despatch of this Offer Document and the Latest Acceptance Time (both dates inclusive). Such Shareholder may also contact the Registrar (through the enquiry general telephone line referred to in paragraph 9(j) under the section headed "TERMS AND CONDITIONS OF THE OFFER" above) and request a copy of this Offer Document, the accompanying form of proxy and/or a blank Form of Acceptance (as appropriate) to be sent to his/her/its registered address as recorded in the Register of Members.

EFFECT OF ACCEPTANCE OF THE OFFER BY QUALIFYING SHAREHOLDERS

Each Qualifying Shareholder by whom, or on whose behalf, a Form of Acceptance is executed irrevocably undertakes, represents, warrants and agrees to and with the Company and Somerley (so as to bind him/her/it and his/her/its personal representatives, heirs, successors and assigns) to the effect:

1. Representations and warranties

By delivery to the Registrar a duly completed Form of Acceptance accompanied with the Title Documents, the Accepting Shareholder represents and warrants to the Company and Somerley:

- (a) that he/she/it has full power and authority to tender, sell, assign and transfer all the Shares (together with all rights attaching thereto) specified in such Form of Acceptance for buy-back and that the Shares are fully paid, free from all liens, charges, encumbrances, equitable interests, rights of pre-emption or other third party rights of any nature and together with all rights accruing or attaching thereto, including, without limitation, the right to receive dividends and other distributions declared, made or paid, if any, on or after the date of their cancellation; and
- (b) that if he/she/it is an Overseas Shareholder, he/she/it has fully observed any applicable legal or other requirements and that the Offer may be accepted by him/her/it lawfully under the laws of the relevant jurisdiction.

2. Appointment and authority

That the execution of the Form of Acceptance constitutes:

- (a) the irrevocable appointment of any director or officer of the Company or Somerley, or such other person as any of them may direct, as such Shareholder's agent (the "**Agent**"); and
- (b) an irrevocable instruction to the Agent to complete and execute the Form of Acceptance and/or any other document at the Agent's discretion on behalf of the Accepting Shareholder and to do any other acts or things as may in the opinion of the Agent be necessary, expedient or desirable for the purpose of the Company repurchasing some or all of the Shares (as the Company may in its absolute discretion determine) in respect of which such Accepting Shareholder has accepted (or is deemed to have accepted) the Offer.

3. Undertakings

That by executing the Form of Acceptance, he/she/it:

- (a) agrees to ratify and confirm each and every act or thing which may be done or effected by the Company or any Agent in the proper exercise of its or his/her/its powers and/or authorities under the terms of the Offer;
- (b) undertakes to deliver to the Registrar the Title Documents in respect of the Shares for which the Offer is (or is deemed to be) accepted, or an indemnity or indemnities acceptable to the Company in lieu thereof, or to procure the delivery of such document(s) to such person as soon as possible thereafter and, in any event, no later than the Latest Acceptance Time;
- (c) accepts that the provisions of the Form of Acceptance and the other terms and conditions in this Offer Document are deemed to be incorporated into the terms and conditions of the Offer;
- (d) undertakes to execute any further documents, take any further action and give any further assurances which may be required in connection with his/her/its acceptance of the Offer as the Company may consider to be necessary, expedient or desirable, including without limitation, to complete the buy-back of any Shares in respect of which he/she/it has accepted or is deemed to have accepted the Offer free from all liens, charges, encumbrances, equitable interests, rights of pre-emption or other third party rights of any nature and together with all rights accruing or attaching thereto, including, without limitation, the right to receive dividends and other distributions declared, made or paid, if any, on or after the date of their cancellation;
- (e) authorises the Company or the Agent to procure the despatch by post of the consideration to which he/she/it is entitled at his/her/its risk to the first-named holder at his/her/its registered address in Box 3 of the Form of Acceptance; and
- (f) submits to the non-exclusive jurisdiction of the courts of Hong Kong in relation to all matters arising out of or in connection with the Offer or the Form of Acceptance.

TAXATION

Qualifying Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of their acceptance of the Offer. It is emphasised that none of the Company, its ultimate beneficial owners and parties acting in concert with any of them, Somerley, Rainbow Capital, the Registrar or any of their respective directors or any persons involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any person or persons as a result of acceptance of the Offer by the Qualifying Shareholders.

OVERSEAS SHAREHOLDERS

The making of the Offer to the Overseas Shareholders may be subject to the laws of the relevant jurisdictions. The laws of the relevant jurisdictions may prohibit the making of the Offer to the Overseas Shareholders or require compliance with certain filing, registration or other requirements in respect of the Offer.

The availability of the Offer to any Overseas Shareholders may be affected by the applicable laws, regulations and rules of their relevant jurisdictions of residence. The Overseas Shareholders should observe any applicable legal and regulatory requirements and, where necessary, consult their own professional advisers in the relevant jurisdictions.

It is the responsibility of each Overseas Shareholder who wishes to accept the Offer to satisfy himself/herself/itself as to the full observance of the laws of the relevant jurisdictions in that connection, including the obtaining of any governmental or other consents which may be required or compliance with other necessary formalities or legal requirements. Any acceptance of the Offer by any Shareholder shall be deemed to constitute a representation and warranty from such Shareholder to the Company and Somerley that all applicable local laws and requirements have been observed and complied with. For the avoidance of doubt, neither Hong Kong Securities Clearing Company Limited nor HKSCC Nominees will give, or be subject to, any of the above representation and warranty. Overseas Shareholders should consult their professional advisers if in doubt.

According to the Register of Members, as at the Latest Practicable Date, the Company had one Overseas Shareholder with registered address located in Macau. No invitation whether directly or indirectly may be made to the public in Macau for the repurchase of any of the Shares. As at the Latest Practicable Date, the Company had made enquiries and understood that under the applicable legislations and regulations of Macau, there was no regulatory restriction of any regulatory body or stock exchange in Macau with respect to extending the Offer to the Overseas Shareholder in Macau. Accordingly, the Offer will be extended to the Overseas Shareholder with registered address in Macau.

NOTICE TO U.S. HOLDERS OF SHARES

The Offer is being made for the securities of a company incorporated in Hong Kong with limited liability and is subject to Hong Kong disclosure requirements, which are different from those of the United States. The financial information included in this Offer Document has been prepared in accordance with Hong Kong Financial Reporting Standards and thus may not be comparable to financial information of U.S. companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the United States.

The receipt of cash pursuant to the Offer by a U.S. holder of Shares may be a taxable transaction for U.S. federal income tax purposes and under applicable state and local, as well as foreign and other tax laws. Each holder of Shares is urged to consult his/her/its independent professional advisor immediately regarding the tax consequences of acceptance of the Offer.

U.S. holders of Shares may encounter difficulty enforcing their rights and any claims arising out of the U.S. federal securities laws, as the Company is located in a country outside the United States and some or all of their officers and directors may be residents of a country other than the United States. U.S. holders of Shares may not be able to sue a non-U.S. company or its officers or directors in a non-U.S. court for violations of U.S. securities laws. Further, U.S. holders of Shares may encounter difficulty compelling a non-U.S. company and its affiliates to subject themselves to a U.S. court's judgment.

The Offer will be made in the United States pursuant to the applicable U.S. tender offer rules or certain available exemptions or exceptions therefrom and otherwise in accordance with the requirements of the laws of Hong Kong. Accordingly, the Offer will be subject to Hong Kong disclosure and other procedural requirements, including with respect to withdrawal rights, offer timetable, settlement procedures and timing of payments that are different from those applicable under U.S. domestic tender offer procedures and law.

ANNOUNCEMENTS

1. Following the EGM (or any adjournment thereof, as the case may be) at which the Offer and the Whitewash Waiver are to be approved by the Independent Shareholders, the Company will announce by 7:00 p.m. on the date of the EGM through the Stock Exchange's website the result of the EGM and whether or not the Offer has become unconditional.

2. By 6:00 p.m. (or such later time as the Executive may permit) on the date of close of the Offer, the Company shall inform the Executive and the Stock Exchange of its decision in relation to the closing of the Offer and shall publish an announcement through the website of the Stock Exchange by 7:00 p.m. on such date stating that the Offer has been closed. A draft of such announcement must be submitted to the Executive by 6:00 p.m. for clearance and publication through the website of the Stock Exchange by 7:00 p.m. on the same day. Such announcement shall, among others (except in the case of lapse of the Offer), specify the details as required under Rule 19.1 of the Takeovers Code.
3. In calculating the number of the Shares represented by the Form of Acceptance, acceptances which are not in all respects in order or are subject to verification will be stated separately.

INTERPRETATION

1. A reference in this Offer Document to a Qualifying Shareholder includes a reference to a person who, by reason of an acquisition or transfer of Shares, is entitled to execute a Form of Acceptance and in the event of more than one person executing a Form of Acceptance, the provisions of this Offer Document apply to them jointly and severally.
2. A reference in this Offer Document and the Form of Acceptance to the masculine gender includes the feminine and neuter genders, and a reference to the singular includes the plural, and vice versa.

I. FINANCIAL SUMMARY

Set out below is a summary of the consolidated financial results of the Group for each of the financial years ended 31 December 2021, 2022 and 2023, as extracted from the audited consolidated financial statements included in the annual reports of the Company for the years ended 31 December 2021 (the “**2021 Annual Report**”), 2022 (the “**2022 Annual Report**”) and 2023 (the “**2023 Annual Report**”), respectively.

	For the financial year ended 31 December		
	2023	2022	2021
	(audited) <i>HK\$'000</i>	(audited) <i>HK\$'000</i>	(audited) <i>HK\$'000</i>
Turnover	3,811,706	3,828,051	3,130,164
Profit before taxation	38,764	142,360	6,100
Income tax credit	6,557	69,844	8,165
Profit/(loss) for the year attributable to:			
– equity shareholders of the Company	45,321	212,204	14,780
– non-controlling interests	–	–	(515)
Total comprehensive income/(loss) for the year attributable to:			
– equity shareholders of the Company	45,041	197,401	6,871
– non-controlling interests	–	–	(515)
Earnings per share			
– basic	HK\$0.05	HK\$0.23	HK\$0.02
– diluted	HK\$0.05	HK\$0.22	HK\$0.02
Dividend per Share			
– interim	–	HK\$0.08	HK\$0.08
– final	–	–	–

Saved as disclosed above, there are no other items of income or expenses which are material. The auditor of the Company for the years ended 31 December 2021, 2022 and 2023, KPMG, did not issue any qualified or modified opinion (including emphasis of matter, adverse opinion and disclaimer of opinion) on the consolidated financial statements of the Group for each of the years ended 31 December 2021, 2022 and 2023.

II. AUDITED CONSOLIDATED FINANCIAL STATEMENTS

The Company is required to set out or refer to the consolidated statement of financial position, consolidated statement of cash flows and any other primary statement as shown in the audited consolidated financial statements of the Group for (i) the year ended 31 December 2023 (the “**2023 Financial Statements**”), (ii) the year ended 31 December 2022 (the “**2022 Financial Statements**”) and (iii) the year ended 31 December 2021 (the “**2021 Financial Statements**”), together with the material accounting policies and the notes to the relevant published accounts which are of major relevance to the appreciation of the above financial information.

The 2023 Financial Statements are set out from page 93 to page 162 in the 2023 Annual Report, which was published on 29 April 2024. The 2023 Annual Report is posted on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.hktv.com.hk), and is accessible via the following hyperlink:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0429/2024042901695.pdf>

The 2022 Financial Statements are set out from page 89 to page 156 in the 2022 Annual Report, which was published on 26 April 2023. The 2022 Annual Report is posted on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.hktv.com.hk), and is accessible via the following hyperlink:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0426/2023042601350.pdf>

The 2021 Financial Statements are set out from page 81 to page 148 in the 2021 Annual Report, which was published on 25 April 2022. The 2021 Annual Report is posted on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.hktv.com.hk), and is accessible via the following hyperlink:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0425/2022042500761.pdf>

The 2023 Financial Statements, 2022 Financial Statements and 2021 Financial Statements (but not any other parts of the 2023 Annual Report, 2022 Annual Report or 2021 Annual Report in which they respectively appear) are incorporated by reference into this Offer Document and form part of this Offer Document.

III. PROPERTY INTERESTS AND ADJUSTED NET ASSET VALUE

The valuation of all the property interests held by the Group as at 30 April 2024 have been conducted by Dudley Surveyors Limited, the independent professional valuer appointed by the Company. The market value of all the property interests held by the Group as at 30 April 2024 was approximately HK\$1,404,400,000, all of which were properties held by the Group for owner occupation or for investment purpose. The property valuation report is set out in Appendix IV to this Offer Document.

By taking into account the effect of revaluation surplus arising from the valuation of all the property interests held by the Group as set out in Appendix IV to this Offer Document, set out below is the calculation of the Group's adjusted unaudited consolidated net asset value attributable to the Shareholders:

	<i>HK\$'000</i>
Consolidated net asset value of the Group attributable to the Shareholders as at 31 December 2023 (<i>Note 1</i>)	2,145,348
Adjustment:	
– Revaluation surplus arising from the valuation of all the property interests held by the Group as at 30 April 2024 based on the property valuation report set out in Appendix IV to this Offer Document (<i>Note 2</i>)	259,898
Adjusted unaudited consolidated net asset value of the Group attributable to the Shareholders	2,405,246
Adjusted unaudited consolidated net asset value of the Group attributable to the Shareholders per Share (<i>Note 3</i>)	HK\$2.71

Notes:

- (1) The amount is extracted from the latest audited consolidated financial statements of the Company as at and for the year ended 31 December 2023.
- (2) This represents the excess of the market value of all the property interests held by the Group as at 30 April 2024 over their corresponding net book values as at 31 December 2023.
- (3) Based on 888,545,781 Shares in issue as at the Latest Practicable Date.

IV. INDEBTEDNESS

As at 30 April 2024, being the latest practicable date for the purpose of preparing this indebtedness statement prior to the publication of this Offer Document, the Group had current lease liabilities of approximately HK\$135.1 million and non-current lease liabilities of approximately HK\$295.2 million. Except as discussed above, the Group did not have any outstanding mortgages, charges, debentures, loan capital, bank overdrafts, loans, debt securities or other similar indebtedness issued and outstanding or agreed to be issued, hire purchase commitments, liabilities under acceptances or acceptance credits or any guarantees or other material contingent liabilities.

V. MATERIAL CHANGE

The Directors confirm that there has been no material change in the financial or trading position or outlook of the Group since 31 December 2023, being the date to which the latest published audited consolidated financial statements of the Group were made up, up to and including the Latest Practicable Date.

VI. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Group develops, owns and operates HKTVmall - the largest 24-hour online shopping mall in Hong Kong. Furthermore, the Group continues to strengthen its role as technology enabler, actively pursuing and embarking on new venture projects including conducting research and development activities on technologies, implementing technology-driven business operations globally and offering technology solutions as a service.

In 2024, Hong Kong's retail landscape faces fresh challenges. The Hong Kong Government projects a modest real growth rate of 2.5% to 3.5% for the 2024–2025 Budget (note 1), reflecting cautious market sentiment. Additionally, changing consumer purchasing habits to beyond Hong Kong exert further pressure on the retail sector. Coupled with the influence from external and global economic and political environment, the retail consumption atmosphere has been significantly weakened.

Amidst these dynamics, the Company anticipates a decline in the local consumer market, in which significant growth as in the past will be unlikely. Although HKTVmall has established its leading position in the Hong Kong Ecommerce market and there is still room for further development with a current market share of less than 5% in the overall retail industry, to sustain high growth momentum, it is necessary to capture business from the physical retail market, which will be challenging and requiring more efforts in marketing promotion and additional operating resources in all aspects.

Considering the ongoing structural changes in Hong Kong's social and economic system, for the long-term benefit of the Group, the Group remains proactive in exploring diverse business initiatives and investment opportunities both within and beyond Hong Kong. In the short to mid-term, the Group will continue to roll out many new concepts, technologies and business development, where allocation of resources and funds will be needed.

The Group carries on various new venture projects, including but not limited to Fully Automated Retail Stores and System, Wet Market Express, Everuts, and Life Science Project. The Group understands the associated development costs linked to new initiatives and venture projects, recognizing their potential impact on the Group's short to mid-term profitability. However, these endeavors are indispensable for fostering the Group's long-term growth and delivering favorable returns to our valued shareholders. The Group will maintain a vigilant watch over the project developments and remain adaptable to redefine the direction if and when necessary.

Note 1: Source: <https://www.budget.gov.hk/2024/eng/budget03.html>

The information set forth in this appendix is prepared in accordance with Rule 4.29 of the Listing Rules to provide further information on how the Group's earnings per Share, net assets per Share, liabilities and working capital might be affected by the Offer as if the Offer had been completed at the specified dates and is included herein for illustrative purposes only.

A. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

The following unaudited pro forma statements of adjusted consolidated net assets per Share and adjusted earnings per Share (the “**Unaudited Pro Forma Financial Information**”) have been prepared on the basis of the notes set out below, for the purpose of illustrating the effect of the Offer on (i) the unaudited pro forma adjusted consolidated net assets per Share attributable to the equity shareholders of the Company as if the Offer had taken place on 31 December 2023 and (ii) the unaudited pro forma adjusted earnings per Share attributable to the equity shareholders of the Company as if the Offer had taken place on 1 January 2023.

This Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the financial position or financial performance of the Group had the Offer been taken place at 31 December 2023, 1 January 2023 or at any future date.

Unaudited pro forma statement of adjusted consolidated net assets per Share

	Consolidated net assets attributable to equity shareholders of the Company as at 31 December 2023	Estimated expenditure to be incurred under the Offer	Unaudited pro forma adjusted consolidated net assets attributable to equity shareholders of the Company as at 31 December 2023
	<i>(Note 1)</i>	<i>(Note 2)</i>	
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets	2,458,543	–	2,458,543
Current assets*	1,003,238	(221,000)	782,238
Current liabilities <i>(Note 3)</i>	986,797	–	986,797
Net current assets/(liabilities) <i>(Note 3)</i>	16,441	(221,000)	(204,559)
Non-current liabilities <i>(Note 3)</i>	329,636	–	329,636
Net assets	<u>2,145,348</u>	<u>(221,000)</u>	<u>1,924,348</u>
* Including:			
Time deposits	<u>243,028</u>	<u>–</u>	<u>243,028</u>
Cash and cash equivalents	<u>330,565</u>	<u>(221,000)</u>	<u>109,565</u>
	<i>HK\$</i>		<i>HK\$</i>
Net assets per Share attributable to equity shareholders of the Company	<u>2.41</u>		<u>2.44</u>
	<i>(Note 4)</i>		<i>(Note 5)</i>

Unaudited pro forma statement of adjusted earnings per Share

	Profit for the year attributable to equity shareholders of the Company for the year ended 31 December 2023	Basic Earnings per Share attributable to equity shareholders of the Company for the year ended 31 December 2023	Diluted Earnings per Share attributable to equity shareholders of the Company for the year ended 31 December 2023	Unaudited pro forma adjusted basic earnings per Share attributable to equity shareholders of the Company for the year ended 31 December 2023	Unaudited pro forma adjusted diluted earnings per Share attributable to equity shareholders of the Company for the year ended 31 December 2023
Share buy-back of 100,000,000 Shares at HK\$2.15 per Share (Note 2)	45,321	0.049	0.048	0.055	0.054

Notes:

- (1) The consolidated net assets attributable to the equity shareholders of the Company as at 31 December 2023 and profit for the year attributable to equity shareholders of the Company for the year ended 31 December 2023 are extracted from the audited consolidated financial statements of the Company for the year ended 31 December 2023 as set out in the published annual report of the Company for the year ended 31 December 2023.
- (2) The estimated expenditure to be incurred under the Offer is based on 100,000,000 Shares to be bought-back at the offer price of HK\$2.15 per Share and the related expenses of approximately HK\$6,000,000, assuming the Maximum Number of Shares to be bought-back by the Company shall be accepted in full under the Offer.
- (3) The estimated expenditure to be incurred under the Offer will be settled by cash and therefore the Offer will not have any effect on the liabilities of the Group, and the working capital (expressed as net current assets/ (liabilities)) as at 31 December 2023 would be decreased by approximately HK\$221,000,000 from net current assets of approximately HK\$16,441,000 to net current liabilities of approximately HK\$204,559,000.
- (4) The consolidated net assets per Share attributable to equity shareholders of the Company as at 31 December 2023 was approximately HK\$2.41, which was based on the consolidated net assets attributable to equity shareholders of the Company as at 31 December 2023 of approximately HK\$2,145,348,000, and on the basis that 888,545,781 Shares were in issue as at 31 December 2023 as extracted from the audited consolidated financial statements of the Company for the year ended 31 December 2023 as set out in the published annual report of the Company for the year ended 31 December 2023.

- (5) The unaudited pro forma adjusted consolidated net assets per Share attributable to equity shareholders of the Company is arrived at after taking into account the consolidated net assets attributable to equity shareholders of the Company as at 31 December 2023 of approximately HK\$2,145,348,000 (Note 1) and the estimated expenditure to be incurred under the Offer of approximately HK\$221,000,000 (Note 2), and on the basis of 788,545,781 Shares (which is calculated based on 888,545,781 Shares in issue as at 31 December 2023 and reduced by 100,000,000 Shares for the share buy-back under the Offer (Note 2)) were in issue immediately following the completion of the Offer, assuming the Offer had taken place on 31 December 2023 and that there was full acceptance of the Offer up to the Maximum Number of Shares.
- (6) The basic and diluted earnings per Share for the year ended 31 December 2023 are calculated based on the consolidated profit attributable to equity shareholders of the Company for the year ended 31 December 2023 of HK\$45,321,000 and the weighted average number of ordinary shares of 917,882,894 and 935,321,894 for basic and diluted earnings per Share for the year ended 31 December 2023, respectively, all of which are extracted from the audited consolidated financial statements of the Company for the year ended 31 December 2023 as set out in the published annual report of the Company for the year ended 31 December 2023.
- (7) The unaudited pro forma adjusted basic and diluted earnings per Share for the year ended 31 December 2023 are arrived at based on the consolidated profit attributable to equity shareholders of the Company for the year ended 31 December 2023 of HK\$45,321,000 and the pro forma adjusted weighted average number of ordinary shares of 817,882,894 and 835,321,894 for basic and diluted earnings per Share, respectively (which are calculated based on 917,882,894 Shares for basic earnings per Share and 935,321,894 Shares for diluted earnings per Share for the year ended 31 December 2023 and each reduced by 100,000,000 Shares for the share buy-back under the Offer (Note 2)), assuming the Offer had taken place on 1 January 2023 and that there was full acceptance of the Offer up to the Maximum Number of Shares. The Directors confirmed that the related expenses of approximately HK\$6,000,000 would be capitalised in full to equity in accordance with the Group's accounting policies.
- (8) No adjustments have been made to reflect any trading results or other transactions of the Group entered into subsequent to 31 December 2023.

B. REPORT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from the reporting accountants, KPMG, Certified Public Accountants, Hong Kong, in respect of the Group's pro forma financial information for inclusion in this Offer Document.

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION****TO THE DIRECTORS OF HONG KONG TECHNOLOGY VENTURE COMPANY LIMITED**

We have completed our assurance engagement to report on the compilation of pro forma financial information of Hong Kong Technology Venture Company Limited (the “**Company**”) and its subsidiaries (collectively the “**Group**”) by the directors of the Company (the “**Directors**”) for illustrative purposes only. The pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net assets per share attributable to equity shareholders of the Company as at 31 December 2023 and the unaudited pro forma statement of adjusted earnings per share attributable to equity shareholders of the Company for the year ended 31 December 2023 and related notes as set out in Part A of Appendix III to the offer document dated 14 June 2024 (the “**Offer Document**”) issued by the Company. The applicable criteria on the basis of which the Directors have compiled the pro forma financial information are described in Part A of Appendix III to the Offer Document.

The pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed conditional cash offer to buy-back shares up to 100,000,000 shares of the Company at HK\$2.15 per share (the “**Offer**”) on the Group's financial position as at 31 December 2023 and the Group's financial performance for the year ended 31 December 2023 as if the Offer had taken place at 31 December 2023 and 1 January 2023, respectively. As part of this process, information about the Group's financial position as at 31 December 2023 and the Group's financial performance for the year ended 31 December 2023 has been extracted by the Directors from the consolidated financial statements of the Company for the year ended 31 December 2023, on which an audit report has been published.

Directors' Responsibilities 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 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” (“**AG 7**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

Our Independence and Quality Management

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 Management 1 “Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements”, which requires the firm to design, implement and operate a system of quality management including policies or 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 (“**HKSAE**”) 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 purpose 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 pro forma financial information included in a circular is solely to illustrate the impact of a significant event or transaction on the unadjusted financial information of the Group as if the event had occurred or 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 events or transactions at 31 December 2023 or 1 January 2023 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 event or 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' judgement, having regard to the reporting accountants' understanding of the nature of the Group, the event or 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 purposes of the pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

KPMG

Certified Public Accountants

Hong Kong

14 June 2024

The following is the text of a letter, summary of values and valuation certificates prepared for the purpose of incorporation in this Offer Document received from Dudley Surveyors Limited, an independent valuer, in connection with their valuation as at 30 April 2024 of the property interests of the Group.



14 June 2024

The Directors
Hong Kong Technology Venture Company Limited
HKTVMultimedia and Ecommerce Centre
No. 1 Chun Cheong Street
Tseung Kwan O Industrial Estate
Tseung Kwan O
New Territories
Hong Kong

Dear Sirs,

Re: Property Portfolio held by the subsidiaries of Hong Kong Technology Venture Company Limited (“The Properties” as listed in the Summary of Valuation)

We refer to the instruction from Hong Kong Technology Venture Company Limited (“**the Instructing Party**” or “**the Company**”) for us to carry out current market valuation of the property interests held by the Company and its subsidiaries in Hong Kong. We confirm that we have made relevant investigation and enquiries and obtained such further information as we consider necessary for compiling this report together with our opinion of the market values of The Properties as at 30 April 2024 (“**Valuation Date**”).

Valuation Standards and Basis

In valuing the property interests, we have complied with all the requirements contained in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities (the “**Exchange Listing Rules**”) issued by The Stock Exchange of Hong Kong Limited, Rule 11 of The Code on Takeovers and Mergers (the “**Takeovers Code**”) issued by Securities and Futures Commission and the “HKIS Valuation Standards (2020 Edition)” published by the Hong Kong Institute of Surveyors (“**HKIS**”).

Our valuation is conducted on market value basis defined by the International Valuation Standards and followed by the HKIS to mean “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

Market Value is understood as the value of an asset or liability estimated without regard to costs of sale and purchase (or transaction) and without offset for any associated taxes or potential taxes.

Valuation Assumptions

Our valuation has been made on the assumption that the owner sells the property on the open market without the benefit and burden of any deferred terms contract, leaseback, joint venture, management agreement or any similar arrangement which would serve to affect the values of The Properties.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on The Properties nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that The Properties are free from encumbrances, restrictions and outgoings of an onerous nature which could affect their values.

Unless otherwise stated, it is assumed that Property 1, Property 3, Property 4 and Property 5 are valued on the assumption that they are freely assignable and transferable for the whole of the unexpired land lease term without any land premium payment.

For Property 2, according to the Agreement for Lease registered in the Land Registry vide Memorial No. 11082902290241 dated 15 August 2011 between the Hong Kong Science and Technology Parks Corporation (“**HKSTPC**”) and a subsidiary of the Company (i.e. Hong Kong Media Production Company Limited (“**HKMPCL**”)) (as modified by subsequent lease modifications) (the “**Agreement for Lease**”), the lease shall be entered into by HKSTPC and HKMPCL subject to the fulfilment of certain obligations by HKMPCL. If HKMPCL decided to assign the lease of Property 2, it shall first offer to surrender Property 2 to HKSTPC at a price to be calculated based on the formula stipulated in the lease. In the event that HKSTPC does not accept the surrender offer, a fee, which HKSTPC may from time to time determine, shall be paid to HKSTPC before HKMPCL’s assignment of the lease of Property 2 to a new lessee.

As instructed, our valuation of Property 2 is based on the assumption that (a) HKSTPC would not accept the “offer to surrender” so that the lease of Property 2 is assignable to a new lessee for the whole of the unexpired lease term and (b) the fee payable to HKSTPC, if any, has been settled.

Property 2 is being used in accordance with the terms of the Agreement for Lease.

Valuation Methodology

We have valued The Properties by using market approach (Direct Comparison Method) in this valuation.

Market sale transactions (known as “**comparables**”) in the relevant market are adopted for comparison and analysis. Appropriate adjustments have been made to account for differences on various attributes between The Properties and the comparable properties.

We have been provided with the occupancy details of The Properties as stated separately in the Valuation Certificates as enclosed.

In assessing the market values of Property 4 and Property 5, we have also taken into account their existing tenancies with a Hong Kong listed company.

For Property 2, being a purpose built non-domestic complex, our valuation is relied on similar probable buy and sell transactions with particular reference to assumptions set out in Valuation Assumptions above.

Given its disposal restrictions, we consider it is appropriate to value Property 2 allowing for discounts on its restrictions.

Source of Information

In the course of our analysis, we have relied on a considerable extent on the information provided by the Instructing Party and have accepted the advice given to us on such matters as tenure, planning approvals, statutory notices, easements, site area and floor areas, occupancy information and all other relevant matters.

Dimensions, measurements and areas included in the valuation certificates are based on information contained in the documents provided to us or collected from relevant government departments and are therefore only approximations. We have had no reason to doubt the truth and accuracy of the information provided to us by the Instructing Party, which are material to the valuation. We were also advised that no material factors have been omitted from the information supplied.

Unless otherwise stated, all monetary amounts are stated in Hong Kong Dollar (“**HK\$**”).

Title Investigations

We have caused searches to be made at the Land Registry regarding The Properties. Land search records of The Properties are retrieved on 30 April 2024, which revealed that the subsidiaries of the Company are the registered owners of The Properties, other than Property 2 (the details of which are set out in Appendix A of this report).

Property Inspection

The Properties were inspected by Ms. Ellen Lo and Mr. Alfred Chung on 23 April 2024. Inspection to The Properties has been conducted to such extent as for the purpose of this valuation assessment. In the course of our inspection, we did not notice any serious defects. However, we have not carried out any structural survey nor any tests were made on the building services. Therefore, we are not able to report whether The Properties are free of rot, infestation or any other structural defects.

We have not carried out site measurements to verify the correctness of the site area and/or floor areas of The Properties and have assumed that the areas shown on the documents and/or official plan(s) handed to us are correct. During our inspection, we have not carried out investigations on the site to determine the suitability of the ground conditions and the services for any future development. Our valuation is on the basis that these aspects are satisfactory.

We are not aware of the content of any environmental audit or other environmental investigation or soil survey which may have been carried out on the properties and which may draw attention to any contamination or the possibility of any such contamination. In undertaking our work, we have assumed that no contaminative or potentially contaminative uses have ever been carried out in The Properties.

Potential Tax Liability

For the purpose of compliance with Rule 11.3 of the Takeovers Code and as advised by the Company, the potential tax liabilities which may arise from the sale of the property interests include:

- Attributable profits tax at maximally 16.5% on gain (minus any profit which is capital in nature) for the properties in Hong Kong; and
- Stamp duty at progressive rates from 1.5% to 4.25% on the transaction amount (of which both the seller and the buyer are jointly and severally liable) for the properties in Hong Kong.

As advised by the Company, the likelihood of any potential tax liability for the properties being crystalized is remote as the Company and its subsidiaries have no intention to dispose these properties.

Mr. Alfred Chung has provided professional assistance to the person signing this report. Mr. Chung is a senior valuation professional who has over 7 years of relevant experience.

We enclose herewith a summary of valuation and our valuation certificates.

Yours faithfully
For and on behalf of
Dudley Surveyors Limited

Ellen Lo Yee Tak
B.Sc., MHKIS, MRICS, RPS(GP), MCIREA
Managing Director

Notes:

Ms. Ellen Lo Yee Tak of 9/F., Siu Ying Commercial Building, 153 Queen's Road Central, Hong Kong, who is a Registered Professional Surveyor (General Practice), a member of The Hong Kong Institute of Surveyors and a member of Royal Institution of Chartered Surveyors. She has over 35 years' experience in real estate industry and property valuation sector in Hong Kong and the People's Republic of China.

Encl.

SUMMARY OF VALUATION

Address of The Properties	Market Value in its existing state as at 30 April 2024
Group I – Property held by the Company for owner occupation:	
Property 1: Workshop Nos. 1–18 on 13/F, Trans Asia Centre, No. 18 Kin Hong Street, Kwai Chung, New Territories	HK\$77,900,000
Property 2: The Remaining Portion of Section S of Tseung Kwan O Town Lot No. 39 and the Extension thereto, Tseung Kwan O Industrial Estate, Tseung Kwan O, Sai Kung, New Territories (Also known as “No. 1 Chun Cheong Street, Tseung Kwan O, Sai Kung, New Territories”)	HK\$940,000,000
Property 3: House No. 88, Royal Castle, Lot No. 1622 in D.D. 243, Sai Kung, New Territories	HK\$94,300,000
Group II – Property held by the Company for investment:	
Property 4: Workshop Nos. 1–18 on 12/F, 14/F & 16/F and Roof Nos. 10–18 on 17/F, Trans Asia Centre, No. 18 Kin Hong Street, Kwai Chung, New Territories	HK\$289,500,000
Property 5: Lorry Parking Space No. L13 on 1/F, Mita Centre, Nos. 552–566 Castle Peak Road, Kwai Chung, New Territories	HK\$2,700,000
Total	<u>HK\$1,404,400,000</u>

Group I – Property held by the Company for owner occupation:**VALUATION CERTIFICATE**

Property 1	Description and Tenure	Details of Occupancy	Market Value in its existing state as at 30 April 2024
Workshop Nos. 1–18 on 13/F, Trans Asia Centre, No. 18 Kin Hong Street, Kwai Chung, New Territories. 9,004/161,978 equal and undivided parts or shares of and in The Remaining Portion of Kwai Chung Town Lot No. 365.	<p>Trans Asia Centre is a 17-storey industrial building located at the north-eastern end of Kin Hong Street, in the district of Kwai Chung, New Territories. It was completed in 1994. Car parking spaces for private cars, light vans, lorries and containers are provided on 1/F of the building.</p> <p>Property 1 is the whole workshop floor of 13/F, which has a headroom of about 11.4 ft. and floor loading of about 150 lb/sq.ft. As informed by the Instructing Party, the existing use of Property 1 is for industrial purposes.</p> <p>According to the approved building plans, the gross floor area of all the workshops on 13/F is approximately 24,735 sq.ft. (2,297.9 sq.m. or thereabouts).</p> <p>Property 1 is held under New Grant No. 5611 for a term of 99 years commencing from 1 July 1898 and has been statutorily extended to 30 June 2047. The annual Government Rent is equivalent to 3% rateable value of Property 1 for the time being.</p>	As advised by the Instructing Party, Property 1 is currently owner occupied.	HK\$77,900,000 (HONG KONG DOLLARS SEVENTY SEVEN MILLION AND NINE HUNDRED THOUSAND) on vacant possession basis

Notes:

1. The registered owner of Workshop Nos. 1–18 on 13/F is Blossom Ahead Limited (Blossom Ahead Limited is a wholly-owned subsidiary of the Company) registered vide Memorial No. 18090700010023 dated 9 August 2018.
2. Property 1 is subject to the following encumbrance:
 - (i) Deed of Mutual Covenant registered vide Memorial No. TW971428 dated 18 August 1994.
3. Property 1 is situated in an area zoned as “Other Specified Uses (Business)” under the Approved Kwai Chung Outline Zoning Plan No. S/KC/32 gazetted on 13 October 2023.
4. In forming our opinion of the current market value of Property 1, sale transactions of industrial units within the subject building (Trans Asia Centre) are collected as comparables for analysis. Appropriate adjustments are made to reflect the differences between the comparables and Property 1.
5. As advised by the Company, the management presently has no plan for construction, renovation, improvement or development, as well as disposal or change of use of Property 1.

VALUATION CERTIFICATE

Property 2	Description and Tenure	Details of Occupancy	Market Value in its existing state as at 30 April 2024
<p>The Remaining Portion of Section S of Tseung Kwan O Town Lot No. 39 and the Extension thereto, Tseung Kwan O Industrial Estate, Tseung Kwan O, Sai Kung, New Territories.</p> <p>(Also known as “No. 1 Chun Cheong Street, Tseung Kwan O, Sai Kung, New Territories”)</p>	<p>Property 2 is located at the northern end of Chun Cheong Street and western side of Wan Po Road within Tseung Kwan O Industrial Estate, in the district of Tseung Kwan O, New Territories.</p> <p>Property 2 is a purpose-built non-domestic complex comprises two blocks of low-rise buildings. The eastern block is a 6-storey building, while the northern block is a single-storey studio. According to the Occupation Permit, the two blocks were completed in 2017.</p> <p>Upon our site inspection, we observed that a new extension is constructed on top of the northern block. As informed by the Instructing Party, the construction works have been completed and the Occupation Permit has been issued by Buildings Department.</p> <p>Car parking spaces for private cars, light vans, lorries and containers are provided on ground floor.</p>	<p>As informed by the Instructing Party, Property 2 is owner occupied. We have therefore assessed Property 2 on vacant possession basis.</p>	<p>HK\$940,000,000 (HONG KONG DOLLARS NINE HUNDRED FORTY MILLION) on vacant possession basis</p>

Property 2	Description and Tenure	Details of Occupancy	Market Value in its existing state as at 30 April 2024
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According to the Third Modification of Agreement for Lease, Property 2 is permitted to use as (i) “Multimedia production, distribution, artiste management and agency services”, (ii) “e-Commerce Fulfilment and Distribution Centre” and (iii) “related Research and Development activities on technology for, and manufacturing of devices and provision of services for, e-Commerce, ICT solutions, health and wellness”.

According to the Agreement for Lease with Plan, the site area of Property 2 is approximately 219,672 sq.ft. (20,408 sq.m. or thereabouts).

According to the approved building plans, the gross floor area of the original development is approximately 368,589 sq.ft. (34,243 sq.m. or thereabouts), while the gross floor area of the new extension is approximately 31,399 sq.ft. (2,917 sq.m. or thereabouts). Altogether, the total gross floor area of Property 2 is in the sum of approximately 399,988 sq.ft. (37,160 sq.m. or thereabouts).

Property 2 is held under New Grant No. SK8421 for a term from 14 October 1994 to 30 June 2047. According to the Agreement for Lease, subject to the fulfilment of certain obligations by HKMPCL, including completion of certain building constructions and machinery, plant and equipment installation, HKSTPC and HKMPCL will enter into the lease which will expire on 27 June 2047. The annual Government Rent is equivalent to 3% rateable value of Property 2 for the time being.

Notes:

1. The registered owner of Property 2 is Hong Kong Science and Technology Parks Corporation, who leased Property 2 to Hong Kong Media Production Company Limited (Hong Kong Media Production Company Limited is a wholly-owned subsidiary of the Company) under the Agreement for Lease registered vide Memorial No. 11082902290241 dated 15 August 2011. According to the Agreement for Lease, subject to the fulfilment of certain obligations by HKMPCL, including completion of certain building constructions and machinery, plant and equipment installation, HKSTPC and HKMPCL will enter into the lease which will expire on 27 June 2047. The deadline for fulfilment of the obligations relating to the building constructions and machinery, plant and equipment installation is 31 December 2025.
2. Property 2 is subject to the following encumbrances:
 - (i) Agreement for Lease with Plan in favour of Hong Kong Media Production Company Limited 香港媒體製作有限公司 registered vide Memorial No. 11082902290241 dated 15 August 2011.
 - (ii) Modification of Agreement for Lease in favour of Hong Kong Media Production Company Limited 香港媒體製作有限公司 registered vide Memorial No. 14121002250134 dated 2 December 2014.
 - (iii) Modification Letter from District Lands Officer/Sai Kung Re TKOTL 39 & Extensions Thereto registered vide Memorial No. 17062000650026 and re-registered vide Memorial No. 17121100930022 dated 7 June 2017.
 - (iv) Second Modification of Agreement for Lease in favour of Hong Kong Media Production Company Limited 香港媒體製作有限公司 registered vide Memorial No. 17081502440190 dated 26 July 2017.
 - (v) Modification Letter from District Lands Officer/Sai Kung Re TKOTL 39 & Extensions Thereto registered vide Memorial No. 18061200790011 dated 1 June 2018.
 - (vi) Modification Letter from District Lands Officer/Sai Kung Re TKOTL 39 & Extensions Thereto registered vide Memorial No. 19041800780013 dated 12 April 2019.
 - (vii) Modification Letter with Plan from District Lands Officer/Sai Kung Re TKOTL 39 & Extensions Thereto registered vide Memorial No. 20042201330010 dated 9 April 2020.
 - (viii) Third Modification of Agreement for Lease in favour of Hong Kong Media Production Company Limited 香港媒體製作有限公司 registered vide Memorial No. 22051201980153 dated 31 March 2022.
3. Property 2 is situated in an area zoned as “Other Specified Uses (Industrial Estate)” under the Draft Tseung Kwan O Outline Zoning Plan No. S/TKO/29 gazetted on 29 December 2023.
4. In forming our opinion of the current market value of Property 2, we have made reference to the price of recent land grant in Tseung Kwan O Industrial Park, taken into account the value of the existing structures, allowing for depreciation and discounts for the restrictions on disposal of Property 2.
5. We have been advised by the management that preliminary studies have been carried out by the Company in expanding the distribution capacity of Property 2. As at the Valuation Date, such perceived plan has not been taken into consideration. At the same time, we have been advised by the management that they have neither approved any capital commitment nor entered into any contractual obligations in connection with the perceived plan on costs to third parties that would impact the market value.
6. According to the Agreement for Lease, if HKMPCL decided to assign the lease of Property 2, it shall first offer to surrender Property 2 to HKSTPC at a price to be calculated based on the formula stipulated in the lease. In the event that HKSTPC does not accept the surrender offer, a fee, which HKSTPC may from time to time determine, shall be paid to HKSTPC before HKMPCL’s assignment of the lease of Property 2 to a new lessee.
7. As instructed, our valuation of Property 2 is based on the assumption that (a) HKSTPC would not accept the “offer to surrender” so that the lease of Property 2 is assignable to a new lessee for the whole of the unexpired lease term and (b) the fee payable to HKSTPC, if any, has been settled.

VALUATION CERTIFICATE

Property 3	Description and Tenure	Details of Occupancy	Market Value in its existing state as at 30 April 2024
<p>House No. 88, Royal Castle, Lot No. 1622 in D.D. 243, Sai Kung, New Territories.</p> <p>660/10,000 equal and undivided parts or shares of and in Lot No. 1622 in D.D. 243.</p>	<p>Royal Castle is a residential development comprises 12 low-rise luxury houses located at the south-eastern end of Pik Sha Road, in the district of Sai Kung, New Territories. It was completed in 1999.</p> <p>Property 3 is a 3-storey detached house with 2 carports on the ground floor for domestic purposes. A communal swimming pool and a clubhouse are provided within the development.</p>	<p>As advised by the Instructing Party, Property 3 is occupied as director's quarter of the Company. We have therefore assessed Property 3 on vacant possession basis.</p>	<p>HK\$94,300,000 (HONG KONG DOLLARS NINETY FOUR MILLION THREE HUNDRED THOUSAND) on vacant possession basis</p>
	<p>According to information obtained from Rating and Valuation Department, the saleable area of Property 3 is approximately 2,162 sq.ft. (200.9 sq.m. or thereabouts), plus bay window area of approximately 16 sq.ft. (1.5 sq.m. or thereabouts).</p>		
	<p>With reference to the sales brochures of the developer, Property 3 has a garden of approximately 1,862 sq.ft. (173.0 sq.m. or thereabouts) and a roof area of approximately 962 sq.ft. (89.4 sq.m. or thereabouts).</p>		
	<p>Property 3 is held under New Grant No. 8547 for a term from 16 June 1995 to 30 June 2047. The annual Government Rent is equivalent to 3% rateable value of Property 3 for the time being.</p>		

Notes:

1. The registered owner of Property 3 is Raise Champion Limited (Raise Champion Limited is a wholly-owned subsidiary of the Company) registered vide Memorial No. 22012101270021 dated 30 December 2021.
2. Property 3 is subject to the following encumbrance:
 - (i) Deed of Mutual Covenant & Management Agreement (As per Plan) registered vide Memorial No. SK515808 dated 16 December 2000. (Remarks: Previously registered by Memorial Nos. 453162 and 456630)
3. Property 3 is situated in an area zoned as “Residential (Group C) 5” under the Approved Clear Water Bay Peninsula North Outline Zoning Plan No. S/SK-CWBN/6 gazetted on 13 December 2013.
4. In forming our opinion of the current market value of Property 3, sale transactions of luxury residential houses within the vicinity are collected as comparables for analysis. Appropriate adjustments are made to reflect the differences between the comparables and Property 3.
5. As advised by the Company, the management presently has no plan for construction, renovation, improvement or development, as well as disposal or change of use of Property 3.

Group II – Property held by the Company for investments:

VALUATION CERTIFICATE

Property 4	Description and Tenure	Details of Occupancy	Market Value in its existing state as at 30 April 2024
Workshop Nos. 1–18 on 12/F, 14/F & 16/F and Roof Nos. 10–18 on 17/F, Trans Asia Centre, No. 18 Kin Hong Street, Kwai Chung, New Territories.	Trans Asia Centre is a 17-storey industrial building located at the north-eastern end of Kin Hong Street, in the district of Kwai Chung, New Territories. It was completed in 1994. Car parking spaces for private cars, light vans, lorries and containers are provided on 1/F of the building.	According to the information provided by the Instructing Party, 12/F, 14/F and 16/F are subject to 3 tenancies for a term from 26 September 2018 to 30 June 2028, inclusive of management fees, but exclusive of Government Rent and Rates. The rental information is summarised in Note no.8 below.	HK\$289,500,000 (HONG KONG DOLLARS TWO HUNDRED EIGHTY NINE MILLION AND FIVE HUNDRED THOUSAND) subject to its existing tenancies
Total of 27,974/161,978 equal and undivided parts or shares of and in The Remaining Portion of Kwai Chung Town Lot No. 365.	Property 4 comprises the whole workshop floor of 12/F, 14/F and 16/F together with 9 Roof units on 17/F. Each floor has a headroom of about 11.4 ft. and floor loading of about 150 lb/sq.ft. As informed by the Instructing Party, the existing use of Property 4 is for industrial purposes.	As advised by the Instructing Party, all the roof units on 17/F are vacant.	(Breakdown of market value for each floor is summarised in Appendix B as enclosed) (As at the Valuation Date, based on the fixed monthly rents, the net yield of the property is approximately 8.1%)
	Based on our measurement of the approved building plans, the total area of Roof Nos. 10–18 on 17/F is approximately 9,838 sq.ft. (914 sq.m. or thereabouts).		

Property 4	Description and Tenure	Details of Occupancy	Market Value in its existing state as at 30 April 2024
	Property 4 is held under New Grant No. 5611 for a term of 99 years commencing from 1 July 1898 and has been statutorily extended to 30 June 2047. The annual Government Rent is equivalent to 3% rateable value of Property 4 for the time being.		(As at the Valuation Date, based on known market comparables, the unit rates of market rental range from HK\$12 to HK\$16 per sq.ft. per month, with 3.7% to 5.0% yield respectively. The level of rents is derivative to prevailing bank interest rates, vacancy rate, duration and term of the lease, the leased property sizes, view, floor levels, accessibility and, in particular the timing and market condition of entering into the lease)

Notes:

1. The registered owner of Workshop Nos. 1–18 on 12/F is Ambition Link Limited (Ambition Link Limited is a wholly-owned subsidiary of the Company) registered vide Memorial No. 18090700010017 dated 9 August 2018.
2. The registered owner of Workshop Nos. 1–18 on 14/F is Forward Excel Limited (Forward Excel Limited is a wholly-owned subsidiary of the Company) registered vide Memorial No. 18090700010030 dated 9 August 2018.
3. The registered owner of Workshop Nos. 1–18 on 16/F is Scenic Grace Limited (Scenic Grace Limited is a wholly-owned subsidiary of the Company) registered vide Memorial No. 18090700010040 dated 9 August 2018.
4. The registered owner of Roof Nos. 10–18 on 17/F is Scenic Grace Limited (Scenic Grace Limited is a wholly-owned subsidiary of the Company) registered vide Memorial No. 18090700010058 dated 9 August 2018.

5. Property 4 is subject to the following encumbrances:
 - (i) Deed of Mutual Covenant registered vide Memorial No. TW971428 dated 18 August 1994.
 - (ii) All units on 12/F are subject to Lease registered vide Memorial No. 18102400260022 dated 26 September 2018 for the term from 26.09.2018 to 30.06.2028.
 - (iii) All units on 14/F are subject to Lease registered vide Memorial No. 18102400260038 dated 26 September 2018 for the term from 26.09.2018 to 30.06.2028.
 - (iv) All units on 16/F are subject to Lease with Plan (Excluding HKTV Reserved Area) registered vide Memorial No. 18102400260041 dated 26 September 2018 for the term from 26.09.2018 to 30.06.2028.
6. Property 4 is situated in an area zoned as “Other Specified Uses (Business)” under the Approved Kwai Chung Outline Zoning Plan No. S/KC/32 gazetted on 13 October 2023.
7. In forming our opinion of the current market value of Property 4, sale transactions of industrial units within the subject building (Trans Asia Centre) are collected as comparables for analysis. Appropriate adjustments are made to reflect the differences between the comparables and Property 4.
8. According to the tenancy agreements, the rental information of each workshop floor of Property 4 is as follows:
 - (i) For the whole workshop floor of 12/F, the monthly rental from 26 September 2018 to 30 June 2019 is HK\$339,026; the monthly rental from 1 July 2019 to 30 June 2020 is HK\$364,139; the monthly rental from 1 July 2020 to 30 June 2021 is HK\$527,373; the monthly rental from 1 July 2021 to 30 June 2022 is HK\$574,465; the monthly rental from 1 July 2022 to 30 June 2023 is HK\$625,018; the monthly rental from 1 July 2023 to 30 June 2024 is HK\$680,019; the monthly rental from 1 July 2024 to 30 June 2025 is HK\$739,861; the monthly rental from 1 July 2025 to 30 June 2026 is HK\$804,969; the monthly rental from 1 July 2026 to 30 June 2027 is HK\$875,806; and the monthly rental from 1 July 2027 to 30 June 2028 is HK\$952,877.
 - (ii) For the whole workshop floor of 14/F, the monthly rental from 26 September 2018 to 30 June 2019 is HK\$339,026; the monthly rental from 1 July 2019 to 30 June 2020 is HK\$364,139; the monthly rental from 1 July 2020 to 30 June 2021 is HK\$527,373; the monthly rental from 1 July 2021 to 30 June 2022 is HK\$574,465; the monthly rental from 1 July 2022 to 30 June 2023 is HK\$625,018; the monthly rental from 1 July 2023 to 30 June 2024 is HK\$680,019; the monthly rental from 1 July 2024 to 30 June 2025 is HK\$739,861; the monthly rental from 1 July 2025 to 30 June 2026 is HK\$804,969; the monthly rental from 1 July 2026 to 30 June 2027 is HK\$875,806; and the monthly rental from 1 July 2027 to 30 June 2028 is HK\$952,877.
 - (iii) For the whole workshop floor of 16/F, the monthly rental from 26 September 2018 to 30 June 2019 is HK\$334,031; the monthly rental from 1 July 2019 to 30 June 2020 is HK\$358,774; the monthly rental from 1 July 2020 to 30 June 2021 is HK\$519,603; the monthly rental from 1 July 2021 to 30 June 2022 is HK\$566,001; the monthly rental from 1 July 2022 to 30 June 2023 is HK\$615,809; the monthly rental from 1 July 2023 to 30 June 2024 is HK\$670,000; the monthly rental from 1 July 2024 to 30 June 2025 is HK\$728,960; the monthly rental from 1 July 2025 to 30 June 2026 is HK\$793,109; the monthly rental from 1 July 2026 to 30 June 2027 is HK\$862,903; and the monthly rental from 1 July 2027 to 30 June 2028 is HK\$938,838.
9. As advised by the Company, the management presently has no plan for construction, renovation, improvement or development, as well as disposal or change of use of Property 4.

VALUATION CERTIFICATE

Property 5	Description and Tenure	Details of Occupancy	Market Value in its existing state as at 30 April 2024
<p>Lorry Parking Space No. L13 on 1/F, Mita Centre, Nos. 552–566 Castle Peak Road, Kwai Chung, New Territories.</p> <p>4/4,850 equal and undivided parts or shares of and in Kwai Chung Town Lot No. 364.</p>	<p>Mita Centre is a 17-storey industrial building located at the north-eastern side of Castle Peak Road – Kwai Chung at its junction with Kwok Shui Road, in the district of Kwai Chung, New Territories. It was completed in 1983. Car parking spaces for private cars, light vans, lorries and containers are provided on 1/F and 2/F of the building.</p> <p>Property 5 is a lorry parking space on 1/F. It has direct access from ground floor.</p> <p>Property 5 is held under New Grant No. 5527 for a term of 99 years commencing from 1 July 1898 and has been statutorily extended to 30 June 2047. The annual Government Rent is equivalent to 3% rateable value of Property 5 for the time being.</p>	<p>According to the information provided by the Instructing Party, Property 5 is subject to a tenancy for a term from 1 October 2018 to 30 June 2028, inclusive of management fees, but exclusive of Government Rent and Rates. The rental information is summarised in Note no.5 below.</p>	<p>HK\$2,700,000 (HONG KONG DOLLARS TWO MILLION SEVEN HUNDRED THOUSAND) subject to its existing tenancy</p> <p>(As at the Valuation Date, based on the fixed monthly rent, the net yield of the property is approximately 10.5%)</p> <p>(As at the Valuation Date, based on known market comparables, the market rentals of lorry parking in the vicinity range from HK\$5,900 to HK\$11,000 per month, with 2.6% to 4.9% yield respectively. The level of rents is derivative to prevailing bank interest rates, vacancy rate, duration and term of the lease, the leased property sizes, floor levels, accessibility and, in particular the timing and market condition of entering into the lease)</p>

Notes:

1. The registered owner of Property 5 is Blossom Ahead Limited (Blossom Ahead Limited is a wholly-owned subsidiary of the Company) registered vide Memorial No. 18090700010062 dated 9 August 2018.
2. Property 5 is subject to the following encumbrances:
 - (i) Deed of Mutual Covenant and Management Agreement as per Plans registered vide Memorial No. TW325808 dated 31 August 1984.
 - (ii) Lease registered vide Memorial No. 18102400260052 dated 26 September 2018 for the term of years from 26.09.2018 to 30.06.2028.
3. Property 5 is situated in an area zoned as “Other Specified Uses (Business)” under the Approved Tsuen Wan Outline Zoning Plan No. S/TW/37 gazetted on 23 February 2024.
4. In forming our opinion of the current market value of Property 5, sale transactions of lorry parking spaces within the vicinity are collected as comparables for analysis. Appropriate adjustments are made to reflect the differences between the comparables and Property 5.
5. According to the tenancy agreement, the rental information of Property 5 is as follows:
 - (i) The monthly rental from 26 September 2018 to 30 June 2019 was HK\$12,000; the monthly rental from 1 July 2019 to 30 June 2020 is HK\$12,890; the monthly rental from 1 July 2020 to 30 June 2021 is HK\$18,670; the monthly rental from 1 July 2021 to 30 June 2022 is HK\$20,340; the monthly rental from 1 July 2022 to 30 June 2023 is HK\$22,130; the monthly rental from 1 July 2023 to 30 June 2024 is HK\$24,080; the monthly rental from 1 July 2024 to 30 June 2025 is HK\$26,200; the monthly rental from 1 July 2025 to 30 June 2026 is HK\$28,510; the monthly rental from 1 July 2026 to 30 June 2027 is HK\$31,020; and the monthly rental from 1 July 2027 to 30 June 2028 is HK\$33,750.
6. As advised by the Company, the management presently has no plan for construction, renovation, improvement or development, as well as disposal or change of use of Property 5.

APPENDIX A

Ownership Details of The Properties

Property	Address	Registered Ownerships
Property 1	Workshop Nos. 1–18 on 13/F, Trans Asia Centre, No. 18 Kin Hong Street, Kwai Chung, New Territories	Blossom Ahead Limited
Property 2	The Remaining Portion of Section S of Tseung Kwan O Town Lot No. 39 and the Extension thereto, Tseung Kwan O Industrial Estate, Tseung Kwan O, Sai Kung, New Territories (Also known as “No. 1 Chun Cheong Street, Tseung Kwan O, Sai Kung, New Territories”)	Hong Kong Science and Technology Parks Corporation (See also note (ii) below)
Property 3	House No. 88, Royal Castle, Lot No. 1622 in D.D. 243, Sai Kung, New Territories	Raise Champion Limited
Property 4	Workshop Nos. 1–18 on 12/F, 14/F & 16/F and Roof Nos. 10–18 on 17/F, Trans Asia Centre, No. 18 Kin Hong Street, Kwai Chung, New Territories	Ambition Link Limited (12/F of the property) Forward Excel Limited (14/F of the property) Scenic Grace Limited (16/F & Roof units on 17/F of the property)
Property 5	Lorry Parking Space No. L13 on 1/F, Mita Centre, Nos. 552–566 Castle Peak Road, Kwai Chung, New Territories	Blossom Ahead Limited

Notes:

- (i) Blossom Ahead Limited, Hong Kong Media Production Company Limited, Raise Champion Limited, Ambition Link Limited, Forward Excel Limited and Scenic Grace Limited are wholly-owned subsidiaries of the Company.
- (ii) Hong Kong Media Production Company Limited is the Grantee under the Agreement for Lease with Hong Kong Science and Technology Parks Corporation, a public corporation established by the Hong Kong Government.

APPENDIX B

Breakdown of Market Value for each floor of Property 4

	Market Value in its existing state as at 30 April 2024
Property 4	
Workshop Nos. 1–18 on 12/F (Whole of 12/F)	HK\$95,300,000
Workshop Nos. 1–18 on 14/F (Whole of 14/F)	HK\$95,500,000
Workshop Nos. 1–18 on 16/F (Whole of 16/F)	HK\$95,300,000
Roof Nos. 10–18 on 17/F	<u>HK\$3,400,000</u>
Total	<u><u>HK\$289,500,000</u></u>

1. RESPONSIBILITY STATEMENT

This Offer Document includes particulars given in compliance with the Listing Rules and the Codes for the purpose of giving information with regard to the Offer and the Company. The Directors jointly and severally accept full responsibility for the accuracy of information contained in this Offer Document and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this Offer Document have been arrived at after due and careful consideration and there are no other facts not contained in this Offer Document, the omission of which would make any statement in this Offer Document misleading.

2. SHARE CAPITAL

The Company has no authorised share capital and its Shares have no par value. As at the Latest Practicable Date, the issued share capital of the Company was approximately HK\$1,805,004,000. The number of issued Shares as at the Latest Practicable Date was and immediately upon completion of the Offer assuming the Offer is accepted in full will be as follows:

Issued number of Shares as at the Latest Practicable Date

888,545,781 Shares as at the Latest Practicable Date

Immediately upon completion of the Offer assuming the Offer is accepted in full

888,545,781 Shares as at the Latest Practicable Date

(100,000,000) Maximum number of Shares proposed to be cancelled under the Offer

788,545,781 Shares upon completion of the Offer

All the issued Shares rank *pari passu* with each other in all respects including the rights as to voting, dividends and capital.

As at the Latest Practicable Date, save for 888,545,781 Shares in issue and the outstanding Share Options for subscription for an aggregate of 41,917,962 Shares, the Company did not have other class of securities, outstanding options, derivatives, warrants or other securities which were convertible or exchangeable into Shares. The details of the Share Options are set out below:

Participants	Date of grant	Exercise price per Share (HK\$)	Balance as at the Latest Practicable Date	Exercise Period
Directors				
Mr. Cheung	26 May 2017	1.464	9,000,000	1 March 2018 to 22 March 2027
Mr. Wong	26 May 2017	1.464	10,000,000	1 March 2018 to 22 March 2027
Ms. Wong	23 March 2017	1.464	1,000,000	1 March 2018 to 22 March 2027
	27 March 2020	4.434	1,500,000	27 March 2021 to 26 March 2030
	27 March 2020	4.434	1,500,000	27 March 2022 to 26 March 2030
Mr. Lau	21 February 2017	1.450	1,000,000	1 March 2018 to 20 February 2027
	27 March 2020	4.434	1,500,000	27 March 2021 to 26 March 2030
	27 March 2020	4.434	1,500,000	27 March 2022 to 26 March 2030
Ms. Zhou	21 February 2017	1.450	500,000	(Note 1)
	27 March 2020	4.434	1,500,000	27 March 2021 to 26 March 2030
	27 March 2020	4.434	1,500,000	27 March 2022 to 26 March 2030

Participants	Date of grant	Exercise price per Share (HK\$)	Balance as at the Latest Practicable Date	Exercise Period
Talents under continuous employment contracts				
Talents	21 February 2017	1.450	393,000	(Note 1)
	21 February 2017	1.450	2,535,000	1 March 2018 to 20 February 2027
	27 December 2019	3.420	3,367,200	1 January 2021 to 26 December 2029
	27 December 2019	3.420	5,122,762	1 January 2022 to 26 December 2029
Total			41,917,962	

Notes:

- The exercise of these Share Options is subject to certain conditions that must be achieved by the grantees. The Share Options vested on 1 March 2018 shall be exercised no later than 20 February 2027.

Since 31 December 2023, being the end of the immediately preceding financial year, and up to the Latest Practicable Date, the Company had not issued or bought back any Shares.

There had been no re-organisation of capital of the Company during the two financial years immediately preceding the commencement of the Offer Period.

Details of the Shares issued by the Company during the two-year period immediately preceding the commencement of the Offer Period are as follows:

Date of issuance	Number of Shares issued	Price per Share (HK\$)	Total consideration (HK\$)
24 May 2022	27,000	3.420	92,340
25 May 2022	27,000	3.420	92,340
26 May 2022	20,600	3.420	70,452
30 May 2022	64,450	3.420	220,419
9 June 2022	132,400	3.420	452,808
10 June 2022	8,000	3.420	27,360
13 June 2022	53,400	3.420	182,628
21 June 2022	2,000	3.420	6,840
22 June 2022	13,000	3.420	44,460
24 June 2022	42,000	3.420	143,640
27 June 2022	20,350	3.420	69,597
28 June 2022	2,000	3.420	6,840
29 June 2022	8,900	3.420	30,438
30 June 2022	21,800	3.420	74,556
5 July 2022	650	3.420	2,223
12 July 2022	3,000	3.420	10,260
13 July 2022	2,000	3.420	6,840
15 July 2022	109,300	3.420	373,806
19 July 2022	11,750	3.420	40,185
22 July 2022	800	3.420	2,736
4 August 2022	650	3.420	2,223
5 August 2022	26,000	3.420	88,920
15 August 2022	21,900	3.420	74,898
19 August 2022	20,000	3.420	68,400
31 August 2022	3,000	3.420	10,260
1 September 2022	66,000	3.420	225,720
2 September 2022	80,950	3.420	276,849
5 September 2022	17,000	3.420	58,140
6 September 2022	4,000	3.420	13,680
14 September 2022	5,000	3.420	17,100
5 October 2022	100	3.420	342
12 October 2022	2,000	3.420	6,840
13 October 2022	20,400	3.420	69,768
17 October 2022	1,000	3.420	3,420
18 October 2022	30,000	3.420	102,600
25 October 2022	60,000	3.420	205,200
26 October 2022	40,000	3.420	136,800
27 October 2022	10,000	3.420	34,200

Date of issuance	Number of Shares issued	Price per Share (HK\$)	Total consideration (HK\$)
1 November 2022	90,000	3.420	307,800
2 November 2022	1,000	1.450	1,450
2 November 2022	67,700	3.420	231,534
3 November 2022	21,000	3.420	71,820
4 November 2022	499,000	1.450	723,550
4 November 2022	23,000	3.420	78,660
8 November 2022	5,000	3.420	17,100
16 November 2022	13,000	3.420	44,460
17 November 2022	13,200	3.420	45,144
21 November 2022	35,000	3.420	119,700
23 November 2022	2,000	3.420	6,840
1 December 2022	40,000	3.420	136,800
5 December 2022	49,000	3.420	167,580
6 December 2022	78,000	3.420	266,760
15 December 2022	2,000	3.420	6,840
19 December 2022	5,000	3.420	17,100
4 January 2023	800	3.420	2,736
9 January 2023	9,300	3.420	31,806
11 January 2023	13,900	3.420	47,538
26 January 2023	40,900	3.420	139,878
27 January 2023	18,000	3.420	61,560
30 January 2023	60,000	3.420	205,200
1 February 2023	8,588	3.420	29,370.96
8 February 2023	5,000	3.420	17,100
24 February 2023	30,000	3.420	102,600
1 March 2023	34,000	3.420	116,280
8 March 2023	301,000	3.420	1,029,420
9 March 2023	8,000	3.420	27,360
31 March 2023	21,000	3.420	71,820
3 April 2023	13,000	3.420	44,460
11 April 2023	10,000	3.420	34,200
17 April 2023	8,000	3.420	27,360
18 April 2023	8,000	3.420	27,360
24 April 2023	14,050	3.420	48,051
5 May 2023	5,000	3.420	17,100
8 May 2023	15,000	3.420	51,300
9 May 2023	18,000	3.420	61,560
17 May 2023	10,000	3.420	34,200
12 June 2023	73,000	3.420	249,660
15 June 2023	10,000	3.420	34,200

Date of issuance	Number of Shares issued	Price per Share (HK\$)	Total consideration (HK\$)
4 July 2023	42,000	3.420	143,640
28 July 2023	33,000	3.420	112,860
7 August 2023	18,000	3.420	61,560
8 August 2023	18,550	3.420	63,441
10 August 2023	55,000	1.450	79,750
18 August 2023	3,700	3.420	12,654
Total	2,827,088		8,575,290.96

Details of the Shares bought-back by the Company during the 12-month period immediately preceding the date of this Offer Document are as follows:

Date of buy-back	Number of Shares bought-back	Average price per Share (HK\$) (Note)	Total consideration (HK\$)
6 July 2023	100,000	4.469	446,900
7 July 2023	116,000	4.474	518,940
19 July 2023	100,000	4.490	449,000
24 July 2023	303,000	4.490	1,360,440
27 July 2023	300,000	4.488	1,346,500
28 July 2023	347,000	4.484	1,556,090
31 August 2023	2,658,000	3.466	9,212,510
4 September 2023	10,236,000	3.134	32,078,330
5 September 2023	4,238,000	3.262	13,826,470
6 September 2023	4,000,000	3.273	13,093,290
7 September 2023	356,000	3.269	1,163,840
11 September 2023	1,303,000	3.192	4,159,710
12 September 2023	599,000	3.191	1,911,220
13 September 2023	651,000	3.207	2,087,980
21 September 2023	440,000	2.919	1,284,400
27 September 2023	610,000	2.959	1,805,040
28 September 2023	433,000	2.938	1,272,280
3 October 2023	989,000	2.941	2,908,770
4 October 2023	259,000	2.898	750,580
16 October 2023	27,000	2.890	78,030
18 October 2023	356,000	2.840	1,011,040
19 October 2023	482,000	2.790	1,344,780
24 October 2023	402,000	2.760	1,109,500
25 October 2023	13,000	2.760	35,880
26 October 2023	400,000	2.738	1,095,000

Date of buy-back	Number of Shares bought-back	Average price per Share (HK\$) (Note)	Total consideration (HK\$)
22 November 2023	141,000	2.570	362,370
28 November 2023	249,000	2.578	641,920
29 November 2023	526,000	2.514	1,322,200
30 November 2023	200,000	2.470	494,000
4 December 2023	1,281,000	2.557	3,275,300
5 December 2023	3,084,000	2.465	7,602,360
11 December 2023	250,000	2.394	598,500
Total	35,449,000		110,202,170

Note: Correct to 3 decimal places.

3. DIVIDENDS DECLARED/PAID

During the two-year period immediately preceding the date of this Offer Document, the Company only declared dividends in the amount of HK\$0.08 per Share for the six months ended 30 June 2022, which were paid on 13 October 2022. Depending on the future results and financial position of the Group, the Company may, on the recommendation of the Board, declare dividends as and when it considers appropriate taking into account the Company's prevailing and expected results of operations and profitability, its liquidity position, capital investment plans (including investment opportunities and development plans), market conditions as well as the amounts of profits and/or reserves legally available for distribution. As at the Latest Practicable Date, the Company did not intend to announce, declare or pay any dividend, distribution or other return of capital, or alter the dividend policy before the close of the Offer.

4. DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at the Latest Practicable Date, the interests of the Directors and the chief executives of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), to be notified to the Company and the Stock Exchange; or (d) were required to be disclosed under the Codes were as follows:

Long positions in the Shares and underlying Shares

Name of Director	Interest in Shares				Total interest in Shares	Interests in underlying Shares pursuant to Share Options	Aggregate interests	Approximate percentage interests in the Company's issued share capital (Note 1)
	Personal interests	Corporate interests	Family interests					
Mr. Cheung	26,453,424	24,924,339 (Note 2(i))	–	51,377,763	9,000,000	60,377,763	6.80%	
Mr. Wong	–	355,051,177 (Note 2(ii))	–	355,051,177	10,000,000	365,051,177	41.08%	
Ms. Wong	50,000	–	–	50,000	4,000,000	4,050,000	0.46%	
Mr. Lau	–	–	–	–	4,000,000	4,000,000	0.45%	
Ms. Zhou	–	–	–	–	3,500,000	3,500,000	0.39%	

Notes:

1. This percentage is based on 888,545,781 Shares of the Company issued as at the Latest Practicable Date.
2. The corporate interests of Mr. Cheung and Mr. Wong arise through their respective interests in the following companies:
 - (i) 24,924,339 Shares are held by Worship Ltd. which is controlled by Mr. Cheung; and
 - (ii) 355,051,177 Shares are held by Top Group, a corporation accustomed to act in accordance with Mr. Wong's directions.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and the chief executives of the Company had any interest or short position in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests which the Directors and chief executive were taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange; or (d) were required to be disclosed under the Codes.

5. INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, according to the register kept by the Company under Section 336 of the SFO, so far as was known to the Directors, the following persons or entities (other than the Directors or chief executive of the Company) had an interest or a short position in the Shares and/or underlying Shares which fell to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO or which were directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other company which is a subsidiary of the Company, or in any options in respect of such share capital:

Long positions in the Shares

Name	Capacity in which Shares were held	Interests in Shares in long positions	Approximate percentage interests in the Company's issued share capital (<i>Note</i>)
Top Group	Beneficial owner	355,051,177	39.96%

Note: This percentage is based on 888,545,781 Shares of the Company issued as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, the Company had not been notified of any other person (other than the Directors and chief executive of the Company) who had an interest or a short position in the Shares and/or underlying Shares which fell to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO or which were directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other company which is a subsidiary of the Company, or in any options in respect of such share capital.

6. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date:

- (a) the following Directors had entered into service contracts with the Company within six (6) months before the commencement of the Offer Period:

(i) Name of Directors	(ii) Expiry date of service agreement	(iii) Amount of fixed remuneration (excluding arrangements for pension payments) per annum	(iv) Amount of any variable remuneration with details of the formula for calculating such remuneration
Lee Hon Ying, John	31 December 2024	HK\$308,730	Nil
Peh Jefferson Tun Lu	31 December 2024	HK\$289,680	Nil
Mak Wing Sum, Alvin	31 December 2024	HK\$289,680	Nil
Ann Yu Chiu Andy	31 December 2024	HK\$289,680	Nil

The current service contracts entered into respectively with Lee Hon Ying, John, Peh Jefferson Tun Lu and Mak Wing Sum, Alvin as stated above are substantially similar to their previous service contracts.

- (b) save as disclosed in 6(a) above, none of the Directors had entered into a service contract with the Company or any of its subsidiaries or associated companies which (i) (including both continuous and fixed term contracts) had been entered into or amended within six (6) months before the commencement of the Offer Period; (ii) is a continuous contract with a notice period of twelve (12) months or more; or (iii) is a fixed term contract with more than twelve (12) months to run irrespective of the notice period.

7. MARKET PRICES

The table below shows the closing prices per Share on the Stock Exchange on (i) the Latest Practicable Date; (ii) the Last Trading Day; and (iii) the last trading day of each of the calendar months during the Relevant Period.

Date	Closing Price per Share (HK\$)
30 November 2023	2.47
29 December 2023	2.65
31 January 2024	1.91
29 February 2024	2.00
28 March 2024	1.63
30 April 2024	1.52
21 May 2024 (Last Trading Day)	1.78
31 May 2024	1.70
11 June 2024 (Latest Practicable Date)	1.69

The highest and lowest closing prices per Share as quoted on the Stock Exchange during the Relevant Period were HK\$2.74 per Share on 6 December 2023 and HK\$1.49 per Share on 16 April 2024.

8. ARRANGEMENTS AFFECTING DIRECTORS

As at the Latest Practicable Date and save for the Irrevocable Undertakings, there was no agreement, arrangement or understanding (including any compensation arrangement) that existed between the Top Group Concert Group and any of the Directors, recent Directors, Shareholders or recent Shareholders having any connection with or dependence upon the Offer and/or the Whitewash Waiver.

No benefit has been or will be given to any Director as compensation for loss of office or otherwise in connection with the Offer and the Whitewash Waiver.

As at the Latest Practicable Date and save for the Irrevocable Undertakings, there was no agreement or arrangement between any Director and any other person which was conditional on or dependent upon the outcome of the Offer and/or the Whitewash Waiver or otherwise connected with the Offer and/or the Whitewash Waiver.

As at the Latest Practicable Date and save for the Irrevocable Undertakings, there was no material contract entered into by Top Group in which any Director has a material personal interest.

9. DISCLOSURE OF SHAREHOLDINGS AND DEALINGS PURSUANT TO THE TAKEOVERS CODE

As at the Latest Practicable Date:

- (a) Top Group (a corporation accustomed to act in accordance with Mr. Wong's directions) held 355,051,177 Shares, representing approximately 39.96% of the issued Shares. Worship Ltd. (a corporation controlled by Mr. Cheung) held 24,924,339 Shares, representing approximately 2.81% of the issued Shares;
- (b) save as disclosed in the sections headed "DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES" and "INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS" in this Appendix V, none of the Top Group Concert Group, the Directors or any party acting in concert with them was interested in any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares;
- (c) save for the Irrevocable Undertakings, no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Top Group Concert Group;
- (d) no member of the Top Group Concert Group had borrowed or lent any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares;
- (e) the Company had no shareholdings in the Top Group Concert Group (as applicable);
- (f) no Shares or convertible securities, warrants, options or derivatives in respect of the Shares were owned or controlled by any subsidiary of the Company or by any pension fund of any member of the Group or by any person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of "acting in concert" or who is an associate of the Company by virtue of class (2) of the definition of "associate" (but excluding any exempt principal trader or exempt fund manager) under the Codes;
- (g) save for the Irrevocable Undertakings, no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) and (5) of the definition of "acting in concert", or the Company's associates by virtue of classes (2), (3) or (4) of the definition of "associate" under the Codes;
- (h) no Shares or convertible securities, warrants, options or derivatives in respect of the Shares were managed on a discretionary basis by fund managers and/or principal traders (other than exempt fund managers and exempt principal traders) connected with the Company; and

- (i) there were no Shares or convertible securities, warrants, options or derivatives in respect of the Shares which the Company or any Directors or any parties acting in concert with any of them had borrowed or lent.

10. DEALINGS IN SHARES

During the Relevant Period,

- (a) the Company has repurchased 5,731,000 Shares in accordance with the general mandate to repurchase Shares that has been granted by the Shareholders to the Board at the annual general meeting of the Company held on 30 June 2023 but prior to negotiations, discussions or the reaching of understandings or agreements between Top Group and the Directors (including informal discussions) in relation to the Offer and the proposed Whitewash Waiver;
- (b) saved for the repurchases of Shares by the Company as disclosed in paragraph (a) above, none of the members of the Top Group Concert Group, the Company and the Directors had dealt for value in any Shares, convertible securities, warrants, options or derivatives in respect of the Shares;
- (c) the Company and the Directors had not dealt for value in any shares in, or any convertible securities, warrants, options or derivatives in respect of the shares in, any member of the Top Group Concert Group (as applicable);
- (d) saved for the repurchases of Shares by the Company as disclosed in paragraph (a) above, none of the Directors and parties acting in concert with any of them had dealt for value in any shares in, or any convertible securities, warrants, options or derivatives in respect of the shares in, any member of the Top Group Concert Group (as applicable) or any Shares, convertible securities, warrants, options or derivatives in respect of the Shares;
- (e) as at the Latest Practicable Date, the Company had no agreement, arrangement or understanding to transfer, charge or pledge any of the Shares to be acquired pursuant to the Offer to any other persons.

11. MATERIAL CONTRACTS

The Group did not enter into any contracts which were or might be material (other than those entered into in the ordinary course of business carried on or intended to be carried on by the Company or any of its subsidiaries) within the two years immediately preceding the commencement date of the Offer Period and up to the Latest Practicable Date.

12. MATERIAL LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any material litigation or claim of material importance and no material litigation or claim of material importance was known to the Directors to be pending or threatened by or against any member of the Group or to which any member of the Group might become a party.

13. QUALIFICATIONS AND CONSENTS OF EXPERTS

The following is the qualification of the experts who have given its opinions or advices which are contained in this Offer Document:

Name	Qualification
Somerley Capital Limited	a licensed corporation permitted to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
Rainbow Capital (HK) Limited	a licensed corporation permitted to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
KPMG	Certified Public Accountants Public Interest Entity Auditor registered in accordance with Accounting and Financial Reporting Council Ordinance
Dudley Surveyors Limited	an independent professional property valuer

As at the Latest Practicable Date, each of the above experts had given and had not withdrawn its written consent to the issue of this Offer Document with the inclusion of its letter or opinion and reference to its name in the form and context in which they respectively appear.

14. GENERAL

- (a) The registered office and principal place of business in Hong Kong of the Company is at HKTVMultimedia and Ecommerce Centre, No. 1 Chun Cheong Street, Tseung Kwan O Industrial Estate, New Territories, Hong Kong.
- (b) The principal members of the Top Group Concert Group are Top Group, Mr. Wong, Mr. Cheung, Worship Ltd. and Ms. Wong.

- (c) The registered office of Top Group is at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands. Its directors are Mr. Wong, Mr. Cheung and Ms. Tong Oi Ling, Helen. The correspondence address of Top Group is HKTVMultimedia and Ecommerce Centre No. 1 Chun Cheong Street, Tseung Kwan O Industrial Estate, New Territories, Hong Kong. It is owned as to (i) 22.30% by Mr. Wong; (ii) 25.90% by Mr. Cheung; (iii) 22.30% by Ms. Tong Oi Ling, Helen; (iv) 20.10% by Mr. Leung Ka Pak, Kapak; and (v) 9.40% by Mr. Yau Ming Yan.
- (d) The correspondence address of each of Mr. Wong, Mr. Cheung and Ms. Wong is HKTVMultimedia and Ecommerce Centre, No. 1 Chun Cheong Street, Tseung Kwan O Industrial Estate, New Territories, Hong Kong.
- (e) The registered office and principal place of business of Somerley is at 20th Floor, China Building, 29 Queen's Road Central, Hong Kong.
- (f) The registered office of Rainbow Capital is at Office No. 710, 7/F, Wing On House, 71 Des Voeux Road Central, Hong Kong.
- (g) The English text of this Offer Document, the form of proxy for the EGM and the Form of Acceptance shall prevail over the Chinese text.

15. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection (i) on the website of the Company (www.hktv.com.hk) and (ii) on the website of the SFC (www.sfc.hk) from the date of this Offer Document for so long as the Offer remains open for acceptance:

- (a) the articles of association of the Company;
- (b) the annual reports of the Company for the three years ended 31 December 2021, 2022 and 2023;
- (c) the letter from the Board, the text of which is set out on pages 7 to 23 of this Offer Document;
- (d) the letter from Somerley, the text of which is set out on pages 24 to 35 of this Offer Document;
- (e) the letter from the Independent Board Committee, the text of which is set out on pages 36 to 37 of this Offer Document;
- (f) the letter from Rainbow Capital, the text of which is set out on pages 38 to 70 of this Offer Document;

- (g) the report from KPMG in respect of the unaudited pro forma financial information of the Group, the text of which is set out in Appendix III to this Offer Document;
- (h) the property valuation report from Dudley Surveyors Limited, the text of which is set out in Appendix IV to this Offer Document;
- (i) the Irrevocable Undertakings;
- (j) the Directors' service contracts as set out in the section headed "DIRECTORS' SERVICE CONTRACTS" in this Appendix V; and
- (k) the written consents as referred to in the section headed "QUALIFICATIONS AND CONSENTS OF EXPERTS" in this Appendix V.

NOTICE OF EGM



Hong Kong Technology Venture Company Limited 香港科技探索有限公司

(Incorporated in Hong Kong with limited liability under the Companies Ordinance)

(Stock Code: 1137)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “**EGM**”) of Hong Kong Technology Venture Company Limited (the “**Company**”) will be held at Ground Floor, HKTVMultimedia and Ecommerce Centre, No. 1 Chun Cheong Street, Tseung Kwan O Industrial Estate, New Territories, Hong Kong on Tuesday, 9 July 2024 at 10:00 a.m. for the purposes of considering and, if thought fit, passing with or without amendments, the following resolutions as an ordinary resolution and a special resolution of the Company, respectively:

ORDINARY RESOLUTION

The following resolution (a) will be proposed to be considered and if thought appropriate passed as an ordinary resolution of the Company:

“**THAT:**

- (a) the conditional cash offer (the “**Offer**”) by Somerley Capital Limited on behalf of the Company to buy back up to 100,000,000 ordinary shares of the Company (the “**Shares**”) at a price of HK\$2.15 per Share in cash and subject to the terms and conditions set out in the Offer Document (a copy of which marked “**A**” has been produced to the EGM and initialled by the chairman of the EGM for the purpose of identification) together with the accompanying Form of Acceptance despatched to the shareholders of the Company (the “**Shareholders**”) and dated 14 June 2024 be approved, without prejudice and in addition to any existing authority of the Company under the general mandate to buy-back Shares granted by the Shareholders at the annual general meeting of the Company on 18 June 2024, and that any one of the directors of the Company be and is hereby authorised to execute all such documents (and, where necessary, to affix the seal of the Company thereon in accordance with the articles of association of the Company) with or without amendments and do all such things as he/she considers desirable, necessary or expedient in connection with or to give effect to any matters relating to or in connection with the Offer including without limitation, completion of the buy-back of Shares pursuant to the Offer;

NOTICE OF EGM

SPECIAL RESOLUTION

The following resolution (b) will be proposed to be considered and if thought appropriate passed as a special resolution of the Company:

- (b) the waiver (the “**Whitewash Waiver**”) in respect of any obligation under the Codes on Takeovers and Mergers and Share Buy-Backs of Hong Kong (the “**Codes**”) of Top Group International Ltd. to make a mandatory general offer for the issued Shares not already held by it and parties acting in concert (as defined in the Codes) with it which may, but for such Whitewash Waiver, arise upon completion of the Offer be and is hereby approved, and that any one of the directors of the Company be and is hereby authorised to execute all such documents (and, where necessary, to affix the seal of the Company thereon in accordance with the articles of association of the Company) with or without amendments and do all such things as he/she considers desirable, necessary or expedient in connection with or to give effect to any matters relating to or in connection with the Whitewash Waiver.”

By Order of the Board
Hong Kong Technology Venture Company Limited
Wong Nga Lai, Alice
*Executive Director, Group Chief Financial Officer and
Company Secretary*

Hong Kong, 14 June 2024

Notes:

1. Any Shareholder entitled to attend and vote at the EGM or at any adjourned meeting thereof (as the case may be) will be entitled to appoint a proxy or, if such Shareholder is a holder of two or more Shares, proxies to attend and vote in such Shareholder’s stead. A proxy need not be a Shareholder but must attend the EGM or any adjourned meeting thereof (as the case may be) in person to represent the appointing Shareholder.
2. In order to be valid, the form of proxy together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power or authority, must be deposited with the Registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong, not later than 48 hours (not taking public holidays into account) before the time appointed for holding the EGM or any adjourned meeting thereof (as the case may be).
3. The Register of Members will be closed from Thursday, 4 July 2024 to Tuesday, 9 July 2024 (both dates inclusive) to determine the entitlement to attend and vote at the EGM. During such period no transfer of Shares will be registered. In order to qualify for the entitlement to attend and vote at the EGM, all transfer documents accompanied by the relevant Share certificates must be lodged with the Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong, not later than 4:30 p.m. on Wednesday, 3 July 2024 for registration.
4. Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the EGM or at any adjourned meeting thereof (as the case may be) should they so wish, and in such event, the form of proxy shall be deemed to be revoked.

NOTICE OF EGM

5. Where there are joint registered holders of any Share, any one of such joint holders may vote, either in person or by proxy, in respect of such Share as if he/she/it was solely entitled thereto, but if more than one of such joint holders are present at the EGM, whether in person or by proxy, the joint registered holder present whose name stands first on the Register of Members in respect of the Shares shall alone be entitled to vote in respect thereto.
6. No refreshments or drinks, or corporate gifts or gift coupons will be provided at the EGM.

If any Shareholder has any question relating to the EGM, please contact the Registrar as follows:

Computershare Hong Kong Investor Services Limited
17M Floor, Hopewell Centre
183 Queen's Road East, Wan Chai
Hong Kong

Email: www.computershare.com/hk/contact
Tel: (852) 2862 8555
Fax: (852) 2865 0990

As at the date of this notice, the Directors are:

Executive Directors:

Mr. Cheung Chi Kin, Paul (*Chairman*)
Mr. Wong Wai Kay, Ricky (*Vice Chairman and Group Chief Executive Officer*)
Ms. Wong Nga Lai, Alice (*Group Chief Financial Officer and Company Secretary*)
Mr. Lau Chi Kong (*Chief Executive Officer (International Business)*)
Ms. Zhou Huijing (*Chief Executive Officer (Hong Kong)*)

Independent non-executive Directors:

Mr. Lee Hon Ying, John
Mr. Peh Jefferson Tun Lu
Mr. Mak Wing Sum, Alvin
Mr. Ann Yu Chiu Andy