



SOMERLEY CAPITAL LIMITED

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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.



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



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;



- (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.



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.



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;



- (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



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.



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.



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.



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.



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