



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.

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.

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.

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

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.

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.

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</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>

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.

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).

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.

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.

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.

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

- (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).

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.

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

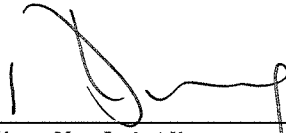
Your attention is drawn to the “Letter from the Independent Board Committee” as set out on pages 36 to 37 of this Offer Document. Your attention is also drawn to the letter of advice from Rainbow Capital which contains, among other things, its advice to the Independent Board Committee and the Independent 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.

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

A handwritten signature in black ink, appearing to read 'Wong Nga Lai', written over a horizontal line.

Wong Nga Lai, Alice
*Executive Director, Group Chief Financial Officer and
Company Secretary*