

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its 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 circular.

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered institution in securities, bank manager, solicitor, professional accountant or other professional advisers.

If you have sold or transferred all your shares in **Cirtek Holdings Limited**, you should hand this circular at once to the purchaser(s) or transferee(s) or to the bank, licensed securities dealers or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

CIRTEK HOLDINGS LIMITED

常達控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1433)

MAJOR TRANSACTION IN RELATION TO THE CONSTRUCTION AGREEMENT

Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed “Definitions” in this circular.

A letter from the Board is set out on pages 4 to 11 of this circular.

The transaction being the subject matter of this circular has been approved by written Shareholder’s approval pursuant to the Listing Rules and this circular is being despatched to the Shareholders for information only.

25 November 2020

CONTENTS

	<i>Page</i>
DEFINITIONS	1
LETTER FROM THE BOARD	4
APPENDIX I — FINANCIAL INFORMATION OF THE GROUP	12
APPENDIX II — GENERAL INFORMATION	16

DEFINITIONS

In this circular, unless the context otherwise requires, the following terms shall have the following meanings:

“Advance Payment”	a sum equivalent to 10% of the Consideration to be paid by Charming Bangladesh within 7 (seven) days of signing of Construction Agreement, and will be adjusted or deducted from each bill for each of the 12 stages of Work proportionately equivalent to 10% of the claimed bill
“BDT”	Bangladeshi Taka, the lawful currency of Bangladesh
“BEPZA”	Bangladesh Export Processing Zones Authority
“Board”	the board of Directors
“Charming Bangladesh”	Charming Trim & Packaging (BD) Ltd., a company incorporated in Bangladesh with limited liability and an indirect wholly-owned subsidiary of the Company
“Charming International”	Charming International Limited, a company incorporated in the British Virgin Islands with limited liability and the controlling Shareholder
“Commencement Date”	the 7th (seventh) day of the date of Advance Payment by Charming Bangladesh
“Company”	Cirtek Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the Stock Exchange (stock code: 1433)
“connected person(s)”	has the meanings as ascribed to it under the Listing Rules
“Consideration”	the total consideration payable by Charming Bangladesh to the Contractor under the Construction Agreement at approximately BDT338.3 million (equivalent to approximately HK\$31.0 million)
“Construction Agreement”	the agreement dated 9 October 2020 entered into between Charming Bangladesh and the Contractor in respect of the construction of the New Bangladesh Factory on the Land

DEFINITIONS

“Contractor”	N S Construction, a private company incorporated in Bangladesh and an Independent Third Party
“Defect Liability Period”	1 (one) calendar year commencing from the date of issuance of completion certificate by the Company
“Director(s)”	director(s) of the Company
“EPZ”	the export processing zone in Bangladesh
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$” or “HKD”	Hong Kong dollars and cents, respectively, the lawful currency of Hong Kong
“Independent Third Party(ies)”	party(ies) independent of and not connected with the Company and any of its connected persons (as defined under the Listing Rules)
“Land”	the parcel of land located at plots nos. 216 & 216A, Adamjee EPZ, Shiddhirgonj, Narayangonj, Bangladesh
“Latest Practicable Date”	23 November 2020, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MES”	Military Engineer Services, Bangladesh
“New Bangladesh Factory”	proposed new production facility in the Adamjee EPZ in Bangladesh
“PRC”	The People’s Republic of China
“Prospectus”	the Company’s listing document published on the Stock Exchange on 28 February 2020
“PWD”	Public Works Department of Bangladesh
“RFID”	radio frequency identification

DEFINITIONS

“SFO”	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Shareholder(s)”	holder(s) of Shares
“Shares”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Work” or “Works”	all the works, services, performances that the Construction Agreement requires the Contractor to perform, provide and deliver including but not limited to construction of the factory building including access road, drain, boundary wall etc., for Charming Bangladesh, insurance and other similar and incidental obligations of the Contractor under the Construction Agreement

The translations between BDT and HK\$ throughout this circular are based on the exchange rate of HK\$1 to BDT10.92578 and are provided for information purposes only.

LETTER FROM THE BOARD

CIRTEK HOLDINGS LIMITED

常達控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1433)

Executive Directors:

Mr. Chan Sing Ming Barry (*chairman*)
Ms. Law Miu Lan (*chief executive officer*)
Mr. Chan Tsz Fung

Independent non-executive Directors:

Mr. Lam Chor Ki Dick
Mr. Lee Tak Cheong
Dr. Wong Chi Wing

Registered office in the Cayman Islands:

P.O. Box 1350
Clifton House
75 Fort Street
Grand Cayman KY1-1108
Cayman Islands

*Headquarters and principal place of business
in Hong Kong:*

1/F, Wing Ming Industrial Centre
15 Cheung Yue Street
Lai Chi Kok, Kowloon
Hong Kong

25 November 2020

To the Shareholders,

Dear Sir or Madam,

**MAJOR TRANSACTION
IN RELATION TO THE CONSTRUCTION AGREEMENT**

INTRODUCTION

Reference is made to the announcement of the Company dated 9 October 2020 in relation to the entering of a construction agreement on the same date between Charming Bangladesh and the Contractor in respect of the construction of the New Bangladesh Factory on the Land at an aggregate Consideration of approximately BDT338.3 million (equivalent to approximately HK\$31.0 million).

The purpose of this circular is to provide you with, among other things, further information on the Construction Agreement and other information as required under the Listing Rules.

LETTER FROM THE BOARD

PRINCIPAL TERMS OF THE CONSTRUCTION AGREEMENT

Set out below is a summary of the principal terms of the Construction Agreement:

Date: 9 October 2020

Parties: 1. Charming Bangladesh as the client; and
2. Contractor

To the best of the Directors' knowledge, information and belief, after having made reasonable enquiry, the Directors confirm that the Contractor and its ultimate beneficial owner are Independent Third Parties.

Subject matter: Pursuant to the Construction Agreement, the Contractor shall be responsible for the Works in relation to the construction of the New Bangladesh Factory, including but not limited to:

- (a) sub-structure works, including piling works and foundation works;
- (b) ground floor, first floor and second floor construction works; and
- (c) ancillary construction works including stair and machine room, water tank and boundary wall, and plantation construction works.

Consideration and payment terms: The total Consideration shall be approximately BDT338.3 million (equivalent to approximately HK\$31.0 million), tax inclusive and comprising the following:

- (a) approximately BDT85.2 million (approximately HK\$7.8 million) for sub-structure works including erection, and maintenance of site office Works, piling Works and foundation Works;
- (b) approximately BDT88.9 million (approximately HK\$8.1 million) for ground floor construction Works;
- (c) approximately BDT56.8 million (approximately HK\$5.2 million) for first floor construction Works;
- (d) approximately BDT59.5 million (approximately HK\$5.5 million) for second floor construction Works; and

LETTER FROM THE BOARD

- (e) approximately BDT47.9 million (approximately HK\$4.4 million) for ancillary construction Works including stair and machine room, water tank, boundary wall and plantation construction works.

Charming Bangladesh shall pay the bills prepared by the Contractor after completion of each of the 12 (twelve) stages of Work pursuant to the Construction Agreement. The bill shall become payable only upon the certification by Charming Bangladesh that the relevant stage of the Work has been satisfactorily completed.

The payment amount of each bill for each stage of Work will be deducted by (i) the value of material supplied by Charming Bangladesh (if any) consumed in the Work during each stage of Work; (ii) retention money equivalent to 5% of the gross bill for each stage of Work; (iii) Advance Payment made to the Contractor equivalent to 10% of the gross bill for each stage of Work; and (iv) any applicable tax.

After receiving each bill from the Contractor, Charming Bangladesh shall pay 80% of the amount within 14 (fourteen) days from the date of receiving each bill and the rest of the payment will be settled within 20 (twenty) days from the date of receiving each bill. The payments shall be made by cheque to the Contractor.

Retention money deducted by Charming Bangladesh based on gross billing of each stage of Work and in aggregate shall not exceed 5% of the Consideration. The retention money shall be refunded to the Contractor until one month upon the expiry of the Defect Liability Period or termination of Construction Agreement, whichever is earlier.

Completion:

The Contractor shall complete the Works within 365 calendar days from the Commencement Date.

After completing the Works as per specifications and terms and conditions of the Construction Agreement, Charming Bangladesh and the Contractor shall jointly inspect the Works, by which Charming Bangladesh will issue a completion certificate within 15 (fifteen) days of such inspection upon its satisfaction.

LETTER FROM THE BOARD

- Defects and rectification: The Contractor shall maintain the Work and rectify all defects or replace all defective works with specified materials, fixtures and equipment of the Works which are identified during the Defect Liability Period. Charming Bangladesh or its authorised representative will give a written notice to the Contractor on any defect and instruction on remedial measures. The Contractor shall rectify the defects within 15 (fifteen) days from the date of receiving the notice. If the Contractor does not correct the defects within the notice period, Charming Bangladesh may arrange a third party for the rectification, and the fee will be deducted from the final bill or from any amount due to the Contractor including the retention money.
- Termination: Charming Bangladesh may terminate the Construction Agreement if the Contractor causes a fundamental breach of the Construction Agreement which substantially deprives Charming Bangladesh of the principal benefits of the Construction Agreement.
- Before taking final decision of termination of the Construction Agreement, a show-cause-notice shall be served by Charming Bangladesh and the Contractor shall be allowed a minimum of 15 days to reply to the notice. If such reply is not acceptable to Charming Bangladesh, the Construction Agreement may be terminated. Notwithstanding the aforesaid, Charming Bangladesh may terminate the Construction Agreement by giving 30 days' notice without assigning any reason.
- Upon the termination of the Construction Agreement, the Contractor shall stop the Works within the specified time determined by Charming Bangladesh, make the site safe and leave the site as soon as reasonably possible. Charming Bangladesh will take possession of the premises, materials, works, equipment, plants, etc. of the Contractor available at the site. Charming Bangladesh shall make a full inspection of the Works.
- Mutual discussion shall be held between Charming Bangladesh and the Contractor to determine the amount of the final bill. Any dispute that cannot be settled through mutual discussion shall be settled through arbitration.

LETTER FROM THE BOARD

If any defect detected in the Works needs to be corrected according to the decision of Charming Bangladesh, the correction cost of such defect shall be charged to the Contractor and shall be deducted from the final bill (including retention money) due to the Contractor. If the amount of the final bill (including retention money) cannot cover the total amount of penalties or correction cost imposed, retention money will not be refunded to the Contractor and all the plants, equipment tools and materials belonging to the Contractor at the site shall be seized and take over by Charming Bangladesh, and shall be sold through public auction either in full or part to cover the total amount of the penalties.

The final bill on the termination of the Construction Agreement shall only be paid to the Contractor if all the amount due from the Contractor including all penalties imposed can be realised from the amount due to the Contractor. The retention money shall not be refunded till one month after the Defect Liability Period has expired. In the case of termination, the retention money shall not be refunded till one month after the date of termination of the Construction Agreement.

Basis of Consideration

The Consideration payable by the Group under the Construction Agreement was arrived at after arm's length negotiation with the Contractor and the quotation submitted by the Contractor was considered the most appropriate with reference to their relevant experience on construction of factory premises.

The Directors have used their reasonable endeavors to obtain quotations from three potential contractors in Bangladesh. After taking into account various factors including but not limited to fee quotation, project experiences, qualification and proof of working capital, the Directors considered the quotation submitted by the Contractor (which is the lowest among the three quotations) is the most appropriate among the three quotations.

Accordingly, the Directors consider that the Consideration is fair and reasonable. The Consideration will be satisfied by the proceeds from the initial public offering of the Company.

LETTER FROM THE BOARD

INFORMATION ON THE GROUP AND THE CONTRACTOR

The Group

The principal activities of the Group are manufacture and sale of apparel labels and trim products, such as hang tags, woven labels, printed labels and heat transfer products.

Charming Bangladesh

Charming Bangladesh principally manufactures and trades apparel labels and trim products.

The Contractor

The Contractor is mainly engaged in factory building and apartment development business in Bangladesh. It is a registered contractor under various government departments or institutions of Bangladesh, including PWD, MES and BEPZA. The Contractor has execution experiences of more than 50 construction projects of international standard in Bangladesh and has successfully completed a number of factory construction projects since 2009. The Contractor specialises in construction projects for garment, footwear, electronics and power sector in different cities in Bangladesh. Furthermore, the Contractor and the project managers who are responsible for the Company's project have relevant experiences on construction in the EPZ.

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, the Contractor and its ultimate beneficial owner (namely Mr. Nikhil Chandra Sikder) are Independent Third Parties. Mr. Nikhil Chandra Sikder, the proprietor and the managing director of the Contractor, is a Bangladeshi with over 20 years of construction project management experiences. He has completed various medium and large scale industrial/commercial construction projects in the past and has several years of working experiences in a Japanese construction company as a project manager in Chittagong, Bangladesh.

REASONS FOR AND BENEFITS OF ENTERING INTO THE CONSTRUCTION AGREEMENT

As set out in the sections headed "Future Plans and Use of Proceeds" and "Business — Production — Production and capacity expansion plan" of the Prospectus, the Group intends to implement a production and capacity expansion plan in Bangladesh. The expansion will help the Group capture business opportunities arising from the growth in the demand for apparel labels and trim products in Bangladesh.

The Group will be able to improve production efficiency through shortening of production lead time, in addition to increasing our production capacity and providing the Group with additional cost-saving advantages as well as additional space for the installation of new machines to expand the product range of products to be manufactured in Bangladesh.

LETTER FROM THE BOARD

The Directors consider that the terms of the Construction Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

FINANCIAL EFFECTS OF THE CONSTRUCTION AGREEMENT ON THE GROUP

The Consideration of approximately BDT338.3 million (equivalent to approximately HK\$31.0 million) is expected to be settled by the proceeds from the initial public offering of the Company.

The Company considers that while there will not be any material effect on the earnings of the Group immediately after the signing and the completion of the Construction Agreement, the commencement of the operation of the New Bangladesh Factory may have a positive impact on the Group's revenue in the long run. After the completion of the Works and full payment of the Consideration, the cash and cash equivalents of the Group is expected to decrease and the property, plant and equipment is expected to increase by approximately the same amount of the Consideration. As a result, the total assets and total liabilities are expected to have no significant change.

LISTING RULES IMPLICATIONS

In respect of the Construction Agreement, as one or more of the applicable percentage ratios calculated by reference to Rule 14.07 of the Listing Rules exceed 25% but are all less than 100%, the transactions contemplated under the Construction Agreement constitute a major transaction of the Company and the Construction Agreement is therefore subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the Directors' knowledge, information and belief, after having made all reasonable enquiries, none of the Shareholders has any material interest in the transactions under the Construction Agreement. Since no Shareholder is required to abstain from voting if a general meeting were to be convened for the approval of the Construction Agreement, a written Shareholders' approval may be accepted in lieu of holding a general meeting pursuant to Rule 14.44 of the Listing Rules.

On 8 October 2020, Charming International, being the controlling Shareholder of the Company holding 1,404,000,000 Shares, representing approximately 70.2% of the total issued share capital of the Company, has given a written Shareholder's approval to the Construction Agreement.

LETTER FROM THE BOARD

RECOMMENDATIONS

The Directors, including the independent non-executive Directors, consider that the Construction Agreement was entered into upon normal commercial terms following arm's length negotiations between the parties and that the terms of the Construction Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. If a general meeting were to be convened for the approval of the Construction Agreement, the Board would recommend the Shareholders to vote in favour of the resolution to approve the Construction Agreement at such general meeting.

ADDITIONAL INFORMATION

Your attention is drawn to the financial and general information as set out in the appendices to this circular.

By Order of the Board
CIRTEK HOLDINGS LIMITED
CHAN Sing Ming Barry
Chairman and executive Director

1. FINANCIAL INFORMATION OF THE GROUP

Details of the financial information of the Group for each of the three years ended 31 December 2017, 2018 and 2019, and the six months ended 30 June 2020 are disclosed in the following documents respectively, which have been published and are available on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.cirtek.com):

- the Prospectus of the Company dated 28 February 2020 which was published on 28 February 2020 available on:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0228/2020022800003.pdf>), please refer to Appendix I thereto in particular;

- the annual report of the Company for the year ended 31 December 2019 which was published on 28 April 2020 available on:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0428/2020042802080.pdf>), please refer to pages 35 to 112 in particular; and

- the interim report of the Company for the six months ended 30 June 2020 which was published on 29 September 2020 available on:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0929/2020092900796.pdf>), please refer to pages 17 to 40 in particular.

2. INDEBTEDNESS STATEMENT

As at 31 October 2020, the indebtedness of the Group primarily included bank loans and lease liabilities.

The following table sets forth the indebtedness as at 31 October 2020:

	<i>HK\$'000</i> (unaudited)
Interest-bearing bank borrowing	
Current	
Unsecured bank loans ^(Note 1)	15,166
Current portion of long term secured bank loan	<u>6,284</u>
	<u>21,450</u>
Non-current	
Secured banks loans ^(Note 2)	7,230
Less: current portion of long term secured bank loan	<u>(6,284)</u>
	<u>946</u>
Total	<u>22,396</u>
Lease liabilities	
Guaranteed	3,046
Unguaranteed	<u>35,416</u>
	<u>38,462</u>

Notes:

- As at 31 October 2020, the Group's unsecured bank loans, and certain of the Group's lease liabilities amounting to HK\$3,046,000 were guaranteed by unlimited corporate guarantees given by the Company.
- As at 31 October 2020, certain of the Group's plant and machinery with a net book value of approximately HK\$5,609,000 were pledged to secure certain bank loans granted to the Group. Also, a life insurance policy with a carrying amount of approximately HK\$5,360,000 was pledged to secure certain bank loans granted to the Group.
- Certain bank loans were denominated in Hong Kong dollars and certain was denominated in US dollars.

Ignoring the effect of any repayment on demand clause, the following table sets forth the maturity profile of the borrowings as at 31 October 2020:

	<i>HK\$'000</i> (unaudited)
Within one year	7,448
In the second year	5,864
In the third to fifth years, inclusive	<u>9,084</u>
	<u><u>22,396</u></u>

As at 31 October 2020, being the latest practicable date for the preparation of the indebtedness statement, the Group had total bank facilities of HK\$26.5 million, of which HK\$4.1 million were unutilised. As at 31 October 2020, being the latest practicable date for the preparation of the indebtedness statement prior to the printing of this circular, all of the bank facilities were either secured by plant and machinery or life insurance policy of subsidiaries of the Group or guaranteed by unlimited corporate guarantees given by the Company.

Save as aforesaid and apart from intra-group liabilities as at 31 October 2020, being the latest practicable date for the preparation of the indebtedness statement, the Group did not have any debt securities issued and outstanding or authorised or otherwise created but unissued, term loans, bank overdrafts, other borrowings or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities, whether guaranteed, unguaranteed, secured or unsecured.

3. MATERIAL ADVERSE CHANGE

As disclosed in the interim report for the six months ended 30 June 2020, the Group's revenue declined by 33.3% to approximately HK\$114.0 million and its gross profit declined by 32.6% to approximately HK\$58.6 million, which was due to the decline in orders affected by the unexpected pandemic spreading worldwide. The Group recorded a loss attributable to the owners of the Company of approximately HK\$11.8 million for the six months ended 30 June 2020, compared with profit of approximately HK\$10.1 million for the six months ended 30 June 2019.

Save for the aforesaid, the Directors confirmed that, as at the Latest Practicable Date, they were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2019, being the date to which the latest published audited consolidated financial statements of the Group were made up.

4. WORKING CAPITAL

The Directors are of the opinion that, after taking into account the existing cash and bank balances, other internal resources and available existing unutilised credit facilities, the Group has sufficient working capital for its present requirements and to satisfy its requirements for at least the next 12 months from the date of publication of this circular.

5. FINANCIAL AND TRADING PROSPECT OF THE GROUP

The Group is principally engaged in the manufacturing and sales of apparel labels and trim products, such as hang tags, woven labels, printed labels and heat transfer products. The Group has been serving worldwide trim and packaging needs and most of the Group's products were ultimately used as hang tags and labels on finished garments of the garment brand companies.

As disclosed in the interim report for the six months ended 30 June 2020, the Group's revenue declined by approximately 33.3% and its gross profit declined by approximately 32.6%, due to the decline in orders affected by the unexpected pandemic spreading worldwide. Certain European and American brand partners postponed delivery of orders. Taking into account the one-off listing expense, the Group recorded a loss attributable to the owners of the Company for the six months ended 30 June 2020, compared with profit in the corresponding period in 2019.

In the face of the unexpected pandemic, the Group responded quickly to reduce the adverse effects on its business. The Group has maintained close communication with business partners to flexibly adjust production capacity in the factories in PRC, Bangladesh and Vietnam according to customer needs. At the same time, the Group has adopted strict cost control measures and actively diversified its income streams. With years of mastery in the development and production technology of RFID tag products, the Group's RFID product categories and quality have been continuously improving, which has strengthened customers' confidence in and has promoted these products.

Nonetheless, the Group will follow its long term strategy to build the New Bangladesh Factory to capture more business opportunities. There has been a trend in recent years that apparel manufacturers from the PRC set up production facilities in Bangladesh to take the advantage of its low labour cost and government policies in attracting foreign investments in Bangladesh, such as exemptions from dividend tax and duty-free import of certain raw materials.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Interests and short positions of Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the Shares and underlying Shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listing Issuers adopted by the Company (the “**Model Code**”), are set out below:

Interests in the Company or any of its associated corporations

Name of Director	Company/name of associated company	Name of interest and capacity	Number and class of securities (L) ^(Note 1)	Approximate percentage of shareholding
Mr. Chan Sing Ming Barry ^(Note 2, 3)	The Company	Interest of a controlled corporation	1,404,000,000	70.2%
	Charming International	Beneficial owner	51	51.0%
Ms. Law Miu Lan ^(Note 2, 3)	The Company	Interest of a controlled corporation	1,404,000,000	70.2%
	Charming International	Beneficial owner	49	49.0%
Mr. Chan Tsz Fung	The Company	Beneficial owner	12,000,000	0.6%

Notes:

1. The letter "L" denotes the person's long position in such Shares.
2. Each of Mr. Chan Sing Ming Barry and Ms. Law Miu Lan owns as to 51% and 49% of the issued share capital of Charming International which, in turn, holds 1,404,000,000 Shares. Accordingly, Mr. Chan Sing Ming Barry and Ms. Law Miu Lan are deemed to be interested in 1,404,000,000 Shares held by Charming International by virtue of the disclosure requirements of the SFO.
3. Mr. Chan Sing Ming Barry is the spouse of Ms. Law Miu Lan. Accordingly, they are deemed to be interested in the Shares held by each other by virtue of the SFO.

Save as disclosed above, as the Latest Practicable Date, none of the Directors and/or chief executives of the Company nor their associates had or was deemed to have any interests or short positions 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 would have 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 each of them has taken or deemed to have taken under the SFO), or which would be required, pursuant to section 352 of the SFO, to be entered in the register required to be kept therein or which would be required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

(b) Substantial Shareholders' and other persons' interests and/or short positions in the Shares and underlying Shares

As at the Latest Practicable Date, the following substantial Shareholders (other than Directors and chief executives of the Company) had, or were deemed to have, an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and which were recorded in the register required to be kept by the Company under section 336 of the SFO:

Name	Capacity	Number and class of Shares held/interested (L) ^(Note 1)	Approximate percentage of shareholding
Charming International ^(Note 2)	Beneficial owner	1,404,000,000	70.2%

Notes:

1. The letter "L" denotes the person's long position in such Shares.
2. Each of Mr. Chan Sing Ming Barry and Ms. Law Miu Lan owns as to 51% and 49% of the issued share capital of Charming International which, in turn, holds 1,404,000,000 Shares. Accordingly, Mr. Chan Sing Ming Barry and Ms. Law Miu Lan are deemed to be interested in 1,404,000,000 Shares held by Charming International by virtue of the disclosure requirements of the SFO. Mr. Chan Sing Ming Barry and Ms. Law Miu Lan are also the directors of Charming International.

Save as disclosed above, as at the Latest Practicable Date, the Directors and the chief executive of the Company are not aware of any person (other than a Director or chief executive of the Company) who had any interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 5% or more of any class of the issued share capital carrying rights to vote in all circumstances at general meetings of the Company.

3. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors nor their respective close associates (as defined under the Listing Rules) had any interest in any business which competes or was likely to compete, either directly or indirectly, with the business of the Group.

4. DIRECTORS' INTEREST IN CONTRACTS AND ASSETS OF THE GROUP

As at the Latest Practicable Date,

- (a) none of the Directors were materially interested in any contract or arrangement subsisting and which was significant in relation to the business of the Group; and
- (b) none of the Directors had any interest, direct or indirect, in any assets which had been acquired or disposed of by or leased to any member of the Group or were proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2019, being the date to which the latest published audited consolidated financial statements of the Company were made up.

5. MATERIAL CONTRACTS

As at the Latest Practicable Date, save as disclosed in the section headed "Appendix IV Statutory and General Information — B. Further information about our company — 1. Summary of material contracts" to the Prospectus, the following are contracts entered into within the two years preceding the date of this circular and are or may be material or of significance:

- (a) the underwriting agreement dated 5 March 2020 relating to the international offering of the Company and entered into by, among others, the Company, the controlling Shareholders of the Company, Elstone Capital Limited, Elstone Securities Limited, I Win Securities Limited and the international underwriters named therein, as described in the section headed "Underwriting — Underwriting Arrangements and Expenses — International Placing — International Underwriting Agreement" in the Prospectus; and
- (b) the Construction Agreement.

6. LITIGATION

As at the Latest Practicable Date, there was no litigation or claim of material importance known to the Directors to be pending or threatened against the Group or any member of the Group.

7. DIRECTORS' SERVICE CONTRACTS

Each of the Directors has entered into a service contract or an appointment letter (as the case may be) with the Company pursuant to which each of them has agreed to act as a Director for an initial fixed term of three years commencing from 12 March 2020 (being the date on which dealings in the Shares first commenced on the main board of the Stock Exchange) subject to termination in certain circumstances as stipulated in the relevant service contract or an appointment letter (as the case may be).

As at the Latest Practicable Date, save as disclosed above, none of the Directors had any existing or proposed service contracts with any member of the Group, excluding contracts expiring or determinable by member of the Group within one year without payment of compensation (other than statutory compensation).

8. GENERAL

- (a) The registered office of the Company is at Estera Trust (Cayman) Limited, P.O. Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands.
- (b) The Cayman Islands principal share registrar and transfer office of the Company is at Estera Trust (Cayman) Limited, P.O. Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands.
- (c) The Hong Kong branch share registrar and transfer office of the Company is Tricor Investor Services Limited, Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (d) The Company's headquarters and principal place of business in Hong Kong is at 1/F, Wing Ming Industrial Centre, 15 Cheung Yue Street, Lai Chi Kok, Kowloon, Hong Kong.
- (e) The company secretary of the Company is Mr. Chan Wai Shing Kevin, who has been a fellow member of the Association of Chartered Certified Accountants since August 2008 and a member of The Chartered Governance Institute (formerly "The Institute of Chartered Secretaries and Administrators") since February 2010.
- (f) The English text of this circular shall prevail over the Chinese text in the case of inconsistency.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours from 9:00 a.m. to 6:00 p.m. (except Saturdays, Sundays and public holidays) at the principal place of business of the Company in Hong Kong for a period of 14 days commencing from the date of this circular:

- (a) the memorandum and the articles of association of the Company;
- (b) the material contracts referred to in the section headed “Material Contracts” in this appendix;
- (c) the service contracts referred to in this section;
- (d) the annual report of the Company for the financial year ended 31 December 2019;
- (e) the interim report of the Company for the six months ended 30 June 2020;
- (f) the Prospectus of the Company dated 28 February 2020; and
- (g) this circular.