
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt about this circular or as to the action to be taken, you should consult your stockbroker, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold all your shares in Cheuk Nang (Holdings) Limited (“the Company”), you should at once hand this circular and the accompanying form of proxy to the purchaser or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser.

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CHEUK NANG (HOLDINGS) LIMITED

卓能（集團）有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 131)

**GENERAL MANDATES FOR THE PURCHASE BY THE COMPANY
OF ITS OWN SHARES AND ISSUE SHARES
AND
RE-ELECTION OF DIRECTORS**

A notice convening the Annual General Meeting of the Company to be held at 35/F., Central Plaza, 18 Harbour Road, Wanchai, Hong Kong on Wednesday, 17 November, 2021 at 3:00 p.m. at which the above proposals will be considered, is contained in the 2020 Annual Report of the Company being dispatched to shareholders together with this circular. Whether or not you are able to attend the Annual General Meeting, you are required to complete and return the form of proxy enclosed with the Annual Report that is being dispatched to the shareholders, in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time of the Annual General Meeting. Completion of the form of proxy shall not preclude you from attending and voting at the Annual General Meeting should you so wish.

22 October 2021

LETTER FROM THE CHAIRMAN



CHEUK NANG (HOLDINGS) LIMITED

卓能（集團）有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 131)

Executive Directors:

Dr. Chao Sze Tsung, Cecil (*Chairman*)
Chao Gigi (*Vice Chairman*)
Yung Philip
Ho Sau Fun, Connie

Registered Office:

Suite 4901, 49/F
Central Plaza
18 Harbour Road
Wanchai
Hong Kong

Non-Executive Director:

Chao Howard
Lee Ding Yue, Joseph

Independent Non-Executive Directors:

Dr. Sun Ping Hsu, Samson
Ting Woo Shou, Kenneth
Lam Ka Wai, Graham

22 October 2021

To shareholders,

Dear Sir or Madam,

**PROPOSALS FOR
GENERAL MANDATE FOR THE PURCHASE BY THE COMPANY
OF ITS OWN SHARES AND ISSUE SHARES
AND
RE-ELECTION OF DIRECTORS**

INTRODUCTION

The purpose of this circular is to provide the Shareholders with the information in respect of the necessary resolutions which will be proposed at the Annual General Meeting to be held on Wednesday, 17 November 2021 (the “AGM”) to consider and, if thought fit, approve (i) the granting to the Directors a general mandate to purchase up to 10% of the shares in the issued share capital of the Company as at the date of passing of the relevant resolution; (ii) the granting to the Directors of a general mandate to allot, issue and deal with the shares in the capital of the Company not exceeding 20% of the issued share capital of the Company as at the date of passing of the relevant resolutions; (iii) the re-election of retiring Directors.

LETTER FROM THE CHAIRMAN

GENERAL MANDATE TO THE DIRECTORS FOR REPURCHASE OF SHARES

The general mandate given for repurchase of shares at the annual general meeting held on 17 November 2020 will expire on 17 November 2021. An ordinary resolution will be proposed at the AGM to give a mandate to the Directors to repurchase the shares of the Company (“Repurchase Mandate”) at any time until the first to occur of the conclusion of the next annual general meeting of the Company following the passing of the resolution (unless the mandate is renewed at such meeting) or the expiration of the period within which the next annual general meeting of the Company is required by the Companies Ordinance or the Company’s Articles of Association to be held or until the mandate is revoked or varied by an ordinary resolution of the Company’s shareholders in general meeting. The shares of the Company to be repurchased (“Share Repurchase”) pursuant to the Repurchase Mandate is limited to a maximum of 10% of the issued share capital of the Company at the date of the resolution approving the Repurchase Mandate. The issued share capital of the Company as at 18 October, 2021 (the “Latest Practicable Date”) prior to the printing of this document is 652,676,781 shares. Assuming that no further shares will be issued or repurchased, in the event the Repurchase Mandate is fully exercised, the maximum number of shares to be repurchased is 65,267,678 shares.

An explanatory statement as required under Rule 10.06 of the Listing Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (“Listing Rules”) to provide the requisite information of the Repurchase Mandate is set out in the Appendix I.

GENERAL MANDATE TO ISSUE SHARES

The general mandate given to issue new shares at the annual general meeting held on 17 November 2020 will expire on 17 November 2021. At the AGM, an ordinary resolution will be proposed that the Directors be given a general and unconditional mandate to issue further new shares (“General Mandate”) representing up to 20% of the aggregate nominal amount of the share capital of the Company in issue on the date the resolution is passed. The issued share capital of the Company as at the Latest Practicable Date is 652,676,781 Shares. Subject to the passing of the ordinary resolution to approve the General Mandate to issue new shares and on the basis of the issued share capital of the Company as at the Latest Practicable Date and assuming that no further shares are issued or repurchased prior to the AGM, the Company would be allowed to issue a maximum of 130,535,356 shares. In addition, an ordinary resolution will also be proposed to authorize an extension of such General Mandate to be granted to the Directors to issue new shares during the period up to the next AGM of the Company or such earlier period as stated in the relevant resolution by adding to it the number of shares repurchased under the Repurchase Mandate.

RE-ELECTION OF DIRECTORS

Dr. Sun Ping Hsu Samson (Independent Non-Executive Director), Mr. Lee Ding Yue Joseph (Non-Executive Director) and Mr. Ting Woo Shou Kenneth (Independent Non-Executive Director), shall retire by rotation and being eligible, offered for re-election at the forthcoming AGM.

Details of the retiring Directors eligible for re-election are set out in Appendix II to this circular.

LETTER FROM THE CHAIRMAN

AGM

The notice convening the AGM is contained in the 2021 Annual Report and a form of proxy together with this circular were dispatched to the shareholders. Shareholders are requested to complete the form of proxy in accordance with the instructions printed thereon and return the same to Computershare Hong Kong Investor Services Limited, the Company's Share Registrar at Shops 1712-1716, 17/F., Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as practicable and in any event not later than forty-eight (48) hours before the time appointed for the holding of the meeting (or any adjournment thereof). Completion and return of the form of proxy will not preclude a shareholder from attending and voting in person at the AGM (or any adjournment thereof).

Pursuant to the Listing Rules, any vote of shareholders at a general meeting must be taken by poll. The Chairman of the forthcoming Annual General Meeting will therefore put each of the resolutions to be proposed at the Annual General Meeting to be voted by way of a poll. On a poll, every shareholder who is present in person or by proxy shall have one vote for every share of which he is the holder. Detailed procedures for conducting a poll are set out in Appendix III of this circular.

The Company will publish an announcement on the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and the Company's website at www.cheuknang.com.hk of the results of the voting by poll at the Annual General Meeting on the same day after the Annual General Meeting.

PRECAUTIONARY MEASURES FOR THE AGM

1. In light of the epidemic situation of COVID-19, the Company will implement the following precautionary measures at the AGM to protect attending shareholders, staff and stakeholders from the risk of infection:
 - (i) Compulsory body temperature checks will be conducted for every shareholder or proxy at the entrance to the AGM venue. Any person with a body temperature of 37.5 degrees Celsius or above will not be given access to the AGM venue.
 - (ii) All attendees will be required to wear surgical face masks (self-supplied) before they are permitted to attend, and during their attendance of, the AGM. Attendees are advised to maintain appropriate social distance with each other at all times when attending the AGM. Seating at the AGM venue will be arranged accordingly.
 - (iii) Attendees may be asked if (i) he/she is subject to any HKSAR Government prescribed quarantine requirement; (ii) he/she has travelled outside Hong Kong within 14 days immediately before the AGM ("recent travel history"); and (iii) he/she has had close contact with any person under quarantine or with recent travel history. Any person who responds positively to any of these questions will be denied entry into the AGM venue or be required to promptly leave the AGM venue.

LETTER FROM THE CHAIRMAN

- (iv) Any attendee who declines any of the abovementioned measures will be refused admission to the AGM venue.
 - (v) No refreshments will be served, and there will be no corporate gifts.
 - (vi) Anyone attending the AGM is reminded to observe good personal hygiene at all times.
 - (vii) Hand sanitizing medical will be distributed.
2. Shareholders are requested (a) to consider carefully the risk of attending the AGM, which will be held in an enclosed environment, (b) to follow any guidelines or requirements of the HKSAR Government relating to COVID-19 in deciding whether or not to attend the AGM and (c) not to attend the AGM if they have contracted or are suspected to have contracted COVID-19 or have been in close contact with anybody who has contracted or is suspected to have contracted COVID-19.
 3. In light of the continuing risks posed by the COVID-19 pandemic, the Company strongly encourages shareholders NOT to attend the AGM in person, and advises shareholders to appoint the Chairman of the AGM as their proxy to vote according to their indicated voting instructions as an alternative to attending the meeting in person, by completing and return the proxy form. The proxy form will be sent to the shareholders accompanied with the 2021 Annual Report.
 4. For those non-registered holders whose shares are held in the Central Clearing and Settlement System, they are strongly encouraged to vote through HKSCC Nominees Limited by giving instructions to their brokers or custodians.
 5. If any shareholder chooses not to attend the AGM in person but has any question about any resolution or about the Company, or has any matter for communication with the Directors of the Company, he/share is welcome to send such question or matter to the Board in writing through the Company Secretary whose contact details are set out below. The Company undertakes to respond in writing to any question raised by a shareholder that could otherwise have been answered “live” at the AGM.

The Company Secretary
Suite 4901, 49/F., Central Plaza
18 Harbour Road
Hong Kong
Email: info@cheuknang.com.hk

LETTER FROM THE CHAIRMAN

6. If Shareholders have any questions relating to the AGM, please contact Computershare Hong Kong Investor Services Limited, the Company's Registrar as follows:

17M Floor
Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong
Tel: +852 2862 8555
Fax: +852 2865 0990
Contact Us: www.computershare.com.hk/hk/contact

RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirmed, having made all reasonable enquiry, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

RECOMMENDATION

The Directors believe that the Repurchase Mandate and the General Mandate to issue new shares and the re-election of directors are in the best interests of the Company and its shareholders. Accordingly, the Directors recommend all shareholders to vote in favour of the resolutions to be proposed at the AGM.

By Order of the Board
Cecil Sze-Tsung Chao
Executive Chairman

APPENDIX I REPURCHASE MANDATE EXPLANATORY STATEMENT

This appendix serves as the explanatory statement required under Rule 10.06 of the Listing Rules to provide the Shareholders with all the information reasonably necessary for them to make an informed decision on whether to vote for or against the ordinary resolutions approving the Repurchase Mandate.

SHAREHOLDERS APPROVAL

All shares repurchases on the Stock Exchange by a Company with its primary listing on the Stock Exchange must be of fully-paid up shares and must be approved in advance by an Ordinary Resolution of shareholders, either by way of general mandate or by specific approval in relation to specific transactions.

SHARE CAPITAL

As at the Latest Practicable Date for determining such figure, the total number of issued shares of the Company was 652,676,781 shares. Subject to the passing of the Ordinary Resolution, and on the basis that 652,676,781 shares are in issue and assuming no shares are issued or repurchased by the Company prior to the AGM, the Directors will be authorized under the Repurchase Mandate to repurchase a maximum of 65,267,678 shares.

REASONS FOR THE REPURCHASE MANDATE

The Directors believe that it is in the interests of the Company and the Shareholders to have a general authority from the Shareholders to enable the Directors to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value of the Company and, or its earnings per share and will only be made when the Directors believe that such repurchase will benefit the Company and the Shareholders.

FUNDING OF REPURCHASES

Repurchase of the Company's securities would be financed by the Company's distributable profits or proceeds of a fresh issue of shares made for the purposes of the repurchases. The Company may only apply funds legally available for such purposes in accordance with its articles of association and the laws of Hong Kong.

There may be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in its latest published audited accounts made up to 30 June, 2021) in the event the Repurchase Mandate is exercised in full. However, the Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

DISCLOSURE OF INTERESTS

None of the Directors nor, to the best of their knowledge, having made all reasonable enquiries, any of their respective associates (as defined in the Listing Rules), has present intention to sell any shares of the Company if the Repurchase Mandate is approved by the Shareholders.

APPENDIX I REPURCHASE MANDATE EXPLANATORY STATEMENT

No connected person (as defined in the Listing Rules) of the Company have notified the Company that they have present intention to sell shares to the Company, or have undertaken not to do so, in the event that the Directors are authorized to make repurchase of the shares.

UNDERTAKING OF THE DIRECTORS

The Directors have undertaken to the Stock Exchange that they will exercise the power of the Company to make repurchase pursuant to the Repurchase Mandate in accordance with the Listing Rules and the applicable laws of Hong Kong.

SHARE REPURCHASE MADE BY THE COMPANY

During each of the six months preceding the date of this circular, no repurchase of shares have been made by the Company (whether on the Stock Exchange or otherwise).

TAKEOVER CODE CONSEQUENCES

If as a result of a repurchase of Shares by the Company, a shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purpose of the Hong Kong Code on Takeovers and Mergers (the "Takeovers Code"). As a result, a shareholder, or a group of shareholders acting in concert, depending on the level of increase of its or their shareholding, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeovers Code. Save as aforesaid, the Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the Repurchase Mandate.

As at the Latest Practicable Date, the substantial shareholders, Yan Yin Company Limited, Szehope Securities Company Limited acting in concert with Dr. Cecil Chao Sze-Tsung, are currently holding 485,981,509 shares, representing approximately 74.46% of the issued shares. In the event the repurchase of shares is exercised in full, the aggregate shareholding of Yan Yin Company Limited, Szehope Securities Company Limited and Dr. Cecil Chao Sze-Tsung will be increased to approximately 82.73% of the issued shares. The Directors have no intention of exercising the power to repurchase shares pursuant to the Repurchase Mandate to such extent as would result in the level of shareholdings in the Company held by public shareholders falling below 25%. Pursuant to the Undertaking given by Yan Yin Company Limited, Szehope Securities Company Limited and Dr. Cecil Chao Sze-Tsung, in the event if the Repurchase Mandate is exercised and resulted the public shareholdings fall below the minimum prescribed percentage of 25% laid down in Rule 8.08 of the Listing Rules, Yan Yin Company Limited, Szehope Securities Company Limited and Dr. Cecil Chao Sze-Tsung will place out such number of shares so as to reduce their aggregate shareholding to 75% or less of the issued capital of the Company. The Directors are not aware of any other consequences which would arise under the Takeover Code as a result of any repurchase of shares pursuant to the Repurchase Mandate.

APPENDIX I REPURCHASE MANDATE EXPLANATORY STATEMENT

SHARE PRICES

The highest and lowest prices at which shares of the Company have traded on the Stock Exchange during each of the previous twelve months preceding the Latest Practicable Date were as follows:

	Highest <i>(HK\$)</i>	Lowest <i>(HK\$)</i>
2020		
October	3.400	2.900
November	3.090	2.680
December	3.000	2.800
2021		
January	3.040	2.950
February	3.030	2.950
March	3.040	2.760
April	2.940	2.800
May	2.900	2.770
June	2.800	2.750
July	2.820	2.600
August	2.780	2.540
September	2.780	2.600
October (up to Latest Practicable Date)	2.780	2.580

APPENDIX II DETAILS OF RETIRING DIRECTORS FOR RE-ELECTION

Particulars of the retiring Directors subject to re-election at the AGM are set out below:

SUN Ping Hsu Samson

Dr. Sun, M.B.E., J.P., aged 96, is currently the Chairman of the Sun International Group of Companies. He is also holding independent non-executive directorship in two other companies listed on the Main Board of The Stock Exchange of Hong Kong Limited, namely Oriental Watch Holdings Limited and National Electronics Holdings Limited. He was the Deputy Chairman and a Director of Inchcape Hong Kong Ltd. and its predecessor Gilman & Co. Ltd. from 1967 to his retirement in 1985. Dr. Sun has over 60 years experience in marketing, distribution and manufacturing of wrist watches, and over 30 years in marketing and distribution of consumer products and electronic goods. He has been a pioneer in developing trade with China since 1979, and continued to be active in both trading and manufacturing in China.

Dr. Sun has a long service record in leader's capacity in many voluntary community services and charitable organizations, including Tung Wah Group of Hospitals, the Community Chest and Scout Association of Hong Kong.

As at the Latest Practicable Date, Dr. Sun has not entered into any service contract with the Company and she is subject to retirement by rotation and re-election in accordance with the Articles of Association. The Director's fee paid to Dr. Sun as director of the Group for the year ended 30 June 2021 was HK\$67,447 which was reviewed by the Remuneration Committee of the Company.

Dr. Sun does not have any interest in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

Dr. Sun does not have any relationship with the directors, senior management or other substantial or controlling shareholders of the Company.

Save for the foregoing, there is no information relating to Dr. Sun that is required to be disclosed pursuant to Rules 13.51(2) (h) to (v) of the Listing Rules nor are there other matters that need to be brought to the attention of the Shareholders regarding the re-election of Dr. Sun.

LEE Ding Yue Joseph

Mr. Lee, aged 59, is currently the Managing Director of Chee Yen Investment Company (PTC) Limited and holds many directorships with companies in Hong Kong and overseas. He earned his Bachelor degree in Business Management & Economics from Sophia University Tokyo in 1984. Mr. Lee started his career working for Kyocera Corporation in Japan specialising in manufacturing semiconductor packages. In 1987 he returned to Hong Kong to establish a photographic and digital imaging lighting manufacturing business distributing his products internationally. A manufacturing, property development, and property investment veteran with 37 years of experience, Mr. Lee possesses a sound knowledge in manufacturing, a sound knowledge in developing distribution network internationally, and a sound knowledge in real estate businesses in Hong Kong and Japan.

As at the Latest Practicable Date, Mr. Lee has not entered into any service contract with the Company and she is subject to retirement by rotation and re-election in accordance with the Articles of Association. The Director's fee paid to Mr. Lee as director of the Group for the year ended 30 June 2021 was HK\$67,447 which was reviewed by the Remuneration Committee of the Company.

Mr. Lee does not have any interest in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

Mr. Lee does not have any relationship with the directors, senior management or other substantial or controlling shareholders of the Company.

Save for the foregoing, there is no information relating to Mr. Lee that is required to be disclosed pursuant to Rules 13.51(2) (h) to (v) of the Listing Rules nor are there other matters that need to be brought to the attention of the Shareholders regarding the re-election of Mr. Lee.

APPENDIX II DETAILS OF RETIRING DIRECTORS FOR RE-ELECTION

TING Woo Shou Kenneth

Mr. Ting, SBS, JP, aged 79, is a Chairman and Managing Director of Kader Holdings Company Limited (Stock Code: 180). He was an Independent Non-executive Director of Wheelock and Company Limited (Stock Code: 20) from 2003 to 27 July 2020. Mr. Ting currently serves as the Honorary President of Federation of Hong Kong Industries, The Chinese Manufacturers' Association of Hong Kong and The Toys Manufacturers' Association of Hong Kong Limited, and the Honorary Life President of the Hong Kong Plastics Manufacturers' Association Limited.

Mr. Ting also serves as a member of a number of other trade organizations and public committees such as The Hong Kong General Chamber of Commerce. He is a Life Honorary Court Member of The Hong Kong University of Science and Technology Court.

As at the Latest Practicable Date, Mr. Ting has not entered into any service contract with the Company and she is subject to retirement by rotation and re-election in accordance with the Articles of Association. The Director's fee paid to Mr. Ting as director of the Group for the year ended 30 June 2021 was HK\$67,447 which was reviewed by the Remuneration Committee of the Company.

Mr. Ting does not have any interest in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

Mr. Ting does not have any relationship with the directors, senior management or other substantial or controlling shareholders of the Company.

Save for the foregoing, there is no information relating to Mr. Ting that is required to be disclosed pursuant to Rules 13.51(2) (h) to (v) of the Listing Rules nor are there other matters that need to be brought to the attention of the Shareholders regarding the re-election of Mr. Ting.

The chairman of the meeting will put all resolutions set out in the notice of the Annual General Meeting to be voted by way of a poll pursuant to Article 74 of the Articles of Association.

On a poll, pursuant to Article 80 of the Articles of Association, subject to any special rights, privileges or restrictions as to voting from time to time attaching to any class or classes of Shares, every shareholder who (being an individual) is present in person or by proxy or (being a corporation) is present by a duly authorised representative or proxy, shall have one vote for every Share of which he/she is the holder.

A shareholder present in person or by proxy or by authorised representative who is entitled to more than one vote does not have to use all his/her votes (i.e. he/she can cast less votes than the number of Shares he/she holds or represents) or to cast all his/her votes the same way (i.e. he/she can cast some of his/her votes in favour of the resolution and some of his/her votes against the resolution). It is believed that in most situations, shareholders (other than nominee companies) usually cast all their votes either in favour of a resolution or against a resolution.

The poll voting slip will be distributed to shareholders or their proxies or authorized representatives upon registration of attendance at the Annual General Meeting. Shareholders who want to cast all their votes entitled may mark a “✓” in either “FOR” or “AGAINST” box corresponding to the resolution to indicate whether he/she supports that resolution. For shareholders who do not want to use all their votes or want to split votes in casting a particular resolution shall indicate the number of votes cast on a particular resolution in the “FOR” or “AGAINST” box, where appropriate, but the total votes cast must not exceed his/her entitled votes, or otherwise, the voting slip will be spoiled and the shareholder’s vote will not be counted.

After closing the poll, the Company’s Share Registrars, Computershare Hong Kong Investor Services Limited, will scrutinize the votes counting and the poll results will be published on the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and the Company’s website at www.cheuknang.com.hk on the same day after the Annual General Meeting.