

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

If you are in doubt as to any aspect about this circular, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional advisor.

If you have sold or transferred all your shares in CHANNEL MICRON HOLDINGS COMPANY LIMITED, you should at once hand this circular and proxy form enclosed herein to the purchaser or transferee, or to the bank or stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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**Channel Micron Holdings Company Limited**  
**捷心隆控股有限公司**

*(Incorporated in the Cayman Islands with members' limited liability)*

**(Stock Code: 2115)**

**CONTINUING CONNECTED TRANSACTIONS:  
CSI FRAMEWORK SALES AGREEMENT  
AND  
NOTICE OF EXTRAORDINARY GENERAL MEETING**

**Financial Adviser to Channel Micron Holdings Company Limited**

**BALLAS**  
C A P I T A L

**Independent Financial Adviser to the Independent Board Committee and  
the Independent Shareholders**



**Crescendo Capital Limited**

A letter from the Board is set out on pages 4 to 12 of this circular.

A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on page 13 of this circular. A letter from Crescendo, the Independent Financial Adviser, containing its advice to the Independent Board Committee and the Independent Shareholders, is set out on pages 14 to 21 of this circular.

A notice convening the hybrid EGM of Channel Micron Holdings Company Limited to be held on Thursday, 16 December 2021 at 10:00 a.m. with a combination of (a) a physical meeting at Unit 1603-1604, 16/F, Causeway Bay Plaza I, 489 Hennessy Road, Causeway Bay, Hong Kong; and (b) a virtual meeting online or any adjournment of the meeting is set out on pages 28 to 30 of this circular.

Whether or not you are able to attend the EGM, please complete and sign the accompanying form of proxy in accordance with the instructions printed on the form and return it to the Hong Kong branch share registrar of the Company, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding the EGM (i.e. not later than 10:00 a.m. on Tuesday, 14 December 2021 (Hong Kong time)) or any adjournment of the EGM. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment of the EGM should you so wish.

**PRECAUTIONARY MEASURES FOR THE EGM**

To safeguard the health and safety of Shareholders and to prevent the spreading of the COVID-19 pandemic, the following precautionary measures will be implemented at the EGM:

- (1) Compulsory body temperature check for each attendee
- (2) Mandatory wearing of a surgical face mask by each attendee
- (3) The Company may limit the number of attendees at the EGM as may be necessary in order to maintain appropriate distancing and spacing in compliance with the guidance issued by Hong Kong Government from time to time
- (4) No distribution of corporate gifts and/or refreshments at the EGM

**For the health and safety of Shareholders, the Company would like to encourage Shareholders to exercise their right to vote at the EGM by joining the virtual meeting online, or by appointing the chairman of the EGM as their proxy and to return their proxy forms by the time specified above, instead of attending the EGM in person. The form of proxy can be downloaded from the Company's website (<https://www.channelmicron.com/>) or the Stock Exchange's website ([www.hkexnews.hk](http://www.hkexnews.hk)).**

The Company will keep the evolving COVID-19 pandemic situation under review and may implement additional measures. It may announce additional measures closer to the date of the EGM where necessary.

30 November 2021

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## DEFINITIONS

*In this circular, unless the context otherwise requires, the following expressions have the following meanings:*

“Announcement”	the announcement of the Company dated 1 November 2021 relating to the transactions under the CSI Framework Sales Agreement
“Annual Caps”	the proposed maximum annual aggregate transaction values in respect of transactions contemplated under the CSI Framework Sales Agreement for the three years ending 31 December 2023
“Board”	the board of Directors
“Company”	Channel Micron Holdings Company Limited (捷心隆控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange
“connected person”	has the meaning ascribed thereto under the Listing Rules
“CSI”	Channel Systems, Inc., a company incorporated in the state of California, U.S. and is owned as to 45% by Mr. Bockmiller and 55% by Mrs. Bockmiller
“CSI Framework Sales Agreement”	The agreement dated 1 November 2021 between the Company and CSI in relation to the design, manufacture and supply of cleanroom wall and ceiling systems and equipment by the Group to CSI from the Effective Date to 31 December 2023
“Director(s)”	the director(s) of the Company
“Effective Date”	the date on which the entering into of the CSI Framework Sales Agreement, the transactions contemplated hereunder and the Annual Caps, are approved by the Independent Shareholders of the Company at the EGM
“EGM”	the hybrid extraordinary general meeting of the Company to be convened and held on Thursday, 16 December 2021 at 10:00 a.m. with a combination of (a) a physical meeting at Unit 1603–1604, 16/F, Causeway Bay Plaza I, 489 Hennessy Road, Causeway Bay, Hong Kong; and (b) a virtual meeting online or any adjournment of the meeting, for the purposes of considering and, if thought fit, among the others, approving, the transactions under the CSI Framework Sales Agreement

## DEFINITIONS

“FY”	financial year of the Company ended or ending 31 December
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Financial Adviser” or “Crescendo”	Crescendo Capital Limited, a licensed corporation to conduct type 6 (advising on corporate finance) regulated activities under the SFO, and an independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the transactions under the CSI Framework Sales Agreement and the Annual Caps
“Independent Shareholder(s)”	Shareholders other than Mr. Bockmiller and Mrs. Bockmiller, and their respective associates
“Independent Third Parties”	a person who, as far as the Directors are aware after having made all reasonable enquiries, is not a connected person of the Company
“Latest Practicable Date”	26 November 2021, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Bockmiller”	Mr. Douglas Frederick Bockmiller, a substantial shareholder of the Company
“Mrs. Bockmiller”	Mrs. Lauren Lindquist Bockmiller, a substantial shareholder of the Company
“PRC”	the People’s Republic of China, excluding for the purposes of this circular only, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Shares”	ordinary shares of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares

## DEFINITIONS

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“underlying shares”	has the meaning ascribed to it under Part XV of the SFO
“US\$” or “USD”	United States dollar, the lawful currency of the United States
“%”	per cent

*For reference only, an exchange rate of USD1.00 to RMB6.40 has been used for the conversion of US\$ into RMB in this circular.*

**LETTER FROM THE BOARD**

**Channel Micron Holdings Company Limited**

**捷心隆控股有限公司**

*(Incorporated in the Cayman Islands with members' limited liability)*

**(Stock Code: 2115)**

*Executive Directors:*

Mr. Ng Yew Sum (*Chairman*)  
Mr. Law Eng Hock  
Mr. Lim Kai Seng  
Mr. Chin Sze Kee  
Ms. Yap Chui Fan

*Registered Office:*

Cricket Square, Hutchins Drive  
PO Box 2681, Grand Cayman KY1-1111  
Cayman Islands

*Principal Place of Business  
in Hong Kong:*

Level 54, Hopewell Centre  
183 Queen's Road East  
Hong Kong

*Independent Non-executive Directors:*

Mr. Ng Seng Leong  
Mr. Wu Chun Sing  
Mr. Martin Giles Manen

30 November 2021

*To the Shareholders*

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTIONS:  
CSI FRAMEWORK SALES AGREEMENT  
AND  
NOTICE OF EXTRAORDINARY GENERAL MEETING**

**INTRODUCTION**

Reference is made to the Announcement in relation to the CSI Framework Sales Agreement. As disclosed in the Announcement, the Company entered into the CSI Framework Sales Agreement with CSI on 1 November 2021.

**Listing Rules Implications**

CSI is owned by Mr. Bockmiller and Mrs. Bockmiller as to 45% and 55% respectively. Mr. Bockmiller and Mrs. Bockmiller are spouses of each other. As at the Latest Practicable Date, Mr. Bockmiller and Mrs. Bockmiller are substantial shareholders of the Company who are collectively interested in 227,327,100 Shares, representing 16.24% of the total issued share capital of the Company. Therefore, CSI is a connected person of the Company pursuant to Rule 14A.07 of the Listing Rules and the CSI Framework Sales Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company.

## LETTER FROM THE BOARD

As the applicable percentage ratios as set out in Rule 14.07 of the Listing Rules for the Annual Caps in relation to the CSI Framework Sales Agreement are expected to be higher than 5%, the CSI Framework Sales Agreement and the Annual Caps in relation thereto are subject to the reporting, announcement, shareholders' approval and annual review requirements under Chapter 14A of the Listing Rules.

An independent board committee of the Company, comprising all the independent non-executive Directors, has been appointed to advise the Independent Shareholders on, among other things, whether or not the CSI Framework Sales Agreement and the Annual Caps are in the interest of the Company and are fair and reasonable so far as the Independent Shareholders are concerned. Crescendo has been appointed as the independent financial adviser to advise the independent board committee of the Company and the Independent Shareholders regarding the CSI Framework Sales Agreement and the Annual Caps and whether the transactions contemplated thereunder are on normal commercial terms or better and in the ordinary and usual course of business of the Group.

The purposes of this circular are: (i) to provide the Shareholders with further information regarding the details of the transactions under the CSI Framework Sales Agreement and the Annual Caps as mentioned in the Announcement; (ii) to set out the recommendation of the Independent Board Committee to the Independent Shareholders and the advice of the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the transactions under the CSI Framework Sales Agreement; and (iii) to give the Shareholders the notice of the EGM and other information required under the Listing Rules.

### CSI FRAMEWORK SALES AGREEMENT

Major terms of the CSI Framework Sales Agreement are as follows:

<b>Date</b>	1 November 2021
<b>Parties</b>	the Company, as supplier CSI, as purchaser
<b>Effective period</b>	From the Effective Date to 31 December 2023
<b>Subject Matter</b>	The Group would manufacture and supply cleanroom wall and ceiling systems and equipment to CSI
<b>Pricing basis</b>	The prices offered to CSI for the supply of cleanroom wall and ceiling systems and equipment by the Group shall be determined taking into account the relevant costs, prevailing market price of the products (based on the Company's market intelligence acquired via discussions with CSI and other customers and suppliers) and prices offered to Independent Third Party customers.

## LETTER FROM THE BOARD

Based on the above, the internal sales department of the Group shall price the products with its costs as a benchmark, upon which the Group shall determine the final prices for sale to CSI by comparing against quotations or prices offered by the Group to at least two Independent Third Party customers.

The price and the terms of the sales of products shall be agreed after arm's length negotiation between the Group and CSI based on normal commercial terms, and in any event shall be no less favourable to the Group than terms offered by the Group to Independent Third Parties of the Group.

### **Annual Caps**

FY2021: USD1.5 million (equivalent to approximately RMB9.6 million)

FY2022: USD5.0 million (equivalent to approximately RMB32 million)

FY2023: USD5.0 million (equivalent to approximately RMB32 million)

### **Basis of determination of Annual Caps**

The Annual Caps for FY2021, FY2022 and FY2023 are determined based on the confirmed purchase requests and potential purchase demand from CSI which act as the supplier of cleanroom wall and ceiling systems and equipment for various facilities in North America. As at the Latest Practicable Date, CSI's projects on hand and projects CSI has provided quotations for and/or identified are for facilities of a U.S. semiconductor company ("**Relevant Facility Owner**"), which was founded in the USA, and is principally engaged in the design and manufacturing of computer components and offering of computing, networking, data storage and communications solutions. Its shares are listed on the NASDAQ Stock Market with a market capitalisation of around USD200 billion as at the Latest Practicable Date, and is ranked within the top 50 companies on the Fortune 500 list.

The Annual Cap for FY2021 is determined taking into account (i) CSI's confirmed purchase requests of approximately USD1.1 million, subject to the Company's acceptance of the requests upon the CSI Framework Sales Agreement becoming effective; and (ii) the quotation submitted by the Group to CSI of approximately USD0.4 million.

The Annual Cap for FY2022 is determined taking into account: (i) the quotation submitted by the Group to CSI of approximately USD0.4 million; (ii) CSI's estimated demand from three potential projects of approximately USD1.0 million, approximately USD0.6 million and approximately USD1.0 million respectively. These three projects have been identified by CSI via discussion with the Relevant Facility Owner but are not in quotation stage yet; and (iii) the estimated demand of USD2.0 million from various small contracts for refurbishment of various existing facilities based on preliminary discussion between CSI and the Relevant Facility Owner. These small contracts are not in quotation stage yet.



## **LETTER FROM THE BOARD**

The Annual Cap for FY2023 is determined taking into account: CSI's estimated demand from three potential projects of approximately USD2.0 million, approximately USD1.5 million and approximately USD1.5 million respectively. CSI has identified these three projects via discussion with the Relevant Facility Owner but these projects are not in quotation stage yet.

For avoidance of doubt, no sales were made by the Group to CSI for the three years ended 31 December 2020 and from 1 January 2021 up to the Latest Practicable Date.

### **Condition precedent**

The CSI Framework Sales Agreement is conditional upon the Independent Shareholders approving the CSI Framework Sales Agreement and the transactions contemplated thereunder and the Annual Caps.

### **REASONS FOR AND BENEFITS OF ENTERING INTO THE CSI FRAMEWORK SALES AGREEMENT**

The Group is principally engaged in the provision of cleanroom wall and ceiling systems and cleanroom equipment in the PRC and Malaysia.

CSI is a company established in the state of California, United States with limited liability and its principal business activity is sale of cleanroom wall and ceiling systems in North America.

The entering of the CSI Framework Sales Agreement is beneficial to the Group for increasing the Group's sales of the cleanroom wall and ceiling systems and enhancing the Group's market share supplying cleanroom products for semiconductor facilities. To the best knowledge of the Directors, the Group's cleanroom products to be sold to CSI will be applied in the existing and new facilities of the Relevant Facility Owner in North America. Whilst the Group has been providing its cleanroom wall and ceiling systems to the facilities of the Relevant Facility Owner in Southeast Asia and the PRC, it is beneficial to the Group in securing orders from other projects of the Relevant Facility Owner in North America as well.

Each of Mr. Bockmiller, Mrs. Bockmiller and CSI has entered into a deed of non-competition with the Company on 3 September 2020 to undertake to the Company that he/she/it shall not, and shall procure that his/her/it close associates shall not, during the period commencing from on the date of listing of the Company on the Stock Exchange until the earlier of (i) the date on which the Shares ceases to be listed on the Stock Exchange (except for temporary suspension of trading of the Shares on the Stock Exchange for any reason); or (ii) the date on which they and their close associates, individually or collectively, cease to be entitled to exercise or control the exercise of not less than 10% in aggregate of the voting power at general meetings of the Company or otherwise cease to be substantial shareholders of the Company, own, invest in, participate in, develop, operate or engage in any business or company which directly or indirectly competes, or may compete, with the Company business (apart from the permission to conduct or engage, or hold or acquire any interest in a company which is conducting or engaging, in any business or company which directly or indirectly competes, or may compete with our business in North America). Given that the existing and

## LETTER FROM THE BOARD

potential projects of CSI are located in North America, the Directors (including the independent non-executive Directors) consider that the terms of the deed of non-competition are complied with.

The Directors consider that the terms of the CSI Framework Sales Agreement and the Annual Caps are fair and reasonable and the transactions contemplated thereunder are and will be entered into in the ordinary and usual course of business of the Group, on normal commercial terms and in the interest of the Company and the Shareholders as a whole.

### INTERNAL CONTROL

In order to ensure the terms of the CSI Framework Sales Agreement are on normal commercial terms and fair and reasonable to the Company and the Shareholders and are no more favourable than those offered by the Group to the Independent Third Parties, the Company has formulated the following internal control policies and adopted the following internal control measures:

- (i) the finance department of the Company will closely monitor the transactions under the CSI Framework Sales Agreement to ensure that the transactions amount will not exceed the Annual Caps for the CSI Framework Sales Agreement;
- (ii) the internal sales department of the Group shall price the products with its costs as a benchmark, upon which the Group shall determine the final prices for sale to CSI by comparing against quotations or prices offered by the Group to at least two Independent Third Party customers;
- (iii) the finance department of the Company will conduct monthly random checks to review and assess whether the transactions contemplated under the CSI Framework Sales Agreement are conducted on normal commercial terms, in accordance with the terms set out in the CSI Framework Sales Agreement and whether the relevant contract terms are in the interest of the Company and the Shareholders as a whole. In particular, the finance department will check whether the pricing procedures as set out in paragraph (ii) above have been properly followed;
- (iv) the Company's external auditor will conduct an annual review of the transactions entered into under the CSI Framework Sales Agreement to ensure that the transactions amount is within the Annual Caps and the transactions is in accordance with the terms set out in the CSI Framework Sales Agreement; and
- (v) the Company's independent non-executive Directors will conduct an annual review of the status of the transactions contemplated under the CSI Framework Sales Agreement to ensure that the Company has complied with its internal approval process and the relevant requirements under the Listing Rules.

In view of the pricing policy and internal control measures above, the Directors are of the view that appropriate measures are in place to ensure that the transactions contemplated under the CSI Framework Sales Agreement will be conducted on normal commercial terms and not prejudicial to the interest of the Company and its minority Shareholders.

## LETTER FROM THE BOARD

### LISTING RULES IMPLICATIONS

CSI is owned by Mr. Bockmiller and Mrs. Bockmiller as to 45% and 55% respectively. Mr. Bockmiller and Mrs. Bockmiller are spouses of each other. As at the Latest Practicable Date, Mr. Bockmiller and Mrs. Bockmiller are substantial shareholders of the Company who are collectively interested in 227,327,100 Shares, representing 16.24% of the total issued share capital of the Company. Therefore, CSI is a connected person of the Company pursuant to Rule 14A.07 of the Listing Rules and the CSI Framework Sales Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company.

As the applicable percentage ratios as set out in Rule 14.07 of the Listing Rules for the Annual Caps in relation to the CSI Framework Sales Agreement are expected to be higher than 5%, the CSI Framework Sales Agreement and the Annual Caps in relation thereto are subject to the reporting, announcement, shareholders' approval and annual review requirements under Chapter 14A of the Listing Rules.

None of the Directors has a material interest in the CSI Framework Sales Agreement. Accordingly, none of them is required to abstain from voting on the relevant board resolutions to approve the CSI Framework Sales Agreement and the transactions contemplated thereunder.

An independent board committee of the Company, comprising all the independent non-executive Directors, has been appointed to advise the Independent Shareholders on, among other things, whether or not the CSI Framework Sales Agreement and the Annual Caps are in the interest of the Company and are fair and reasonable so far as the Independent Shareholders are concerned. Crescendo has been appointed as the independent financial adviser to advise the independent board committee of the Company and the Independent Shareholders regarding the CSI Framework Sales Agreement and the Annual Caps and whether the transactions contemplated thereunder are on normal commercial terms or better and in the ordinary and usual course of business of the Group.

Shareholders who have material interests in the transactions under the CSI Framework Sales Agreement, are required to abstain from voting in the resolution proposed to approve the transactions under the CSI Framework Sales Agreement and the Annual Caps at the EGM. As at the Latest Practicable Date, (i) CSI, which is owned by Mr. Bockmiller and Mrs. Bockmiller as to 45% and 55% respectively, held and controlled voting rights of 51,404,850 Shares; (ii) Pacific Panels Inc., which is owned by Mr. Bockmiller and Mr. Peter Wayne Borris as to 50% and 50% respectively, held and controlled voting rights of 51,404,850 Shares; (iii) Graham Bockmiller Irrevocable Family Trust, in which Mrs. Bockmiller maintains certain rights and powers, held and controlled voting rights of 30,000,000 Shares; (iv) Mr. Bockmiller directly held and controlled voting rights of 62,258,700 Shares; and (v) Mrs. Bockmiller directly held and controlled voting rights of 32,258,700 Shares. Therefore, as at the Latest Practicable Date Mr. Bockmiller and Mrs. Bockmiller, are collectively interested in 227,327,100 Shares, representing 16.24% of the total issued share capital of the Company. Mr. Bockmiller, Mrs. Bockmiller and their associates including CSI, Pacific Panels Inc. and Graham Bockmiller Irrevocable Family Trust, shall abstain from voting on the resolution to be proposed at the EGM in respect of the CSI Framework Sales Agreement and the Annual Caps.

## **LETTER FROM THE BOARD**

Save as disclosed above and to the best knowledge, information and belief of the Directors after having made all reasonable enquiries, as at the Latest Practicable Date, no other Shareholders have a material interest in the transactions under the CSI Framework Sales Agreement which requires them to abstain from voting in the resolution proposed to approve the transactions under the CSI Framework Sales Agreement and the Annual Caps.

### **EGM**

The Company will hold the hybrid EGM on Thursday, 16 December 2021 at 10:00 a.m. with a combination of (a) a physical meeting at Unit 1603–1604, 16/F, Causeway Bay Plaza I, 489 Hennessy Road, Causeway Bay, Hong Kong; and (b) a virtual meeting online or any adjournment of the meeting, at which the resolutions will be proposed for the purposes of considering and if thought fit, among the others, approving the transactions under the CSI Framework Sales Agreement. The notice of the EGM is set out on pages 28 and 30 of this circular.

A form of proxy for use at the EGM is enclosed in this circular. Whether or not you are able to attend the EGM, please complete and sign the accompanying form of proxy in accordance with the instructions printed on the form and return it to the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, or submit your proxy instruction via the designated URL by using the username and password provided on the notification letter to be sent by the Company, as soon as possible and in any event not later than 48 hours before the time appointed for holding the EGM (i.e., not later than 10:00 a.m. on Tuesday, 14 December 2021 (Hong Kong time)) or any adjournment of the EGM. Completion and return of the form of proxy shall not preclude you from attending and voting at the EGM in person or any adjournment of the EGM should you so desire.

### **CLOSURE OF REGISTER OF MEMBERS**

The Hong Kong branch register of members of the Company will be closed from 13 December 2021 to 16 December 2021 (both dates inclusive), for the purposes of determining the entitlements of the Shareholders to attend and vote at the EGM. No transfer of the Shares may be registered during the said period. In order to qualify to attend and vote at the EGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, no later than 4:30 p.m. on Friday, 10 December 2021.

### **VOTING BY POLL**

In accordance with Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll. Accordingly, the voting on all resolutions at the EGM will be conducted by way of poll.

## LETTER FROM THE BOARD

### RECOMMENDATION

Your attention is drawn to (i) the letter from the Independent Board Committee set out on page 13 of this circular which contains the recommendation of the Independent Board Committee to the Independent Shareholders regarding the resolution to approve the transactions under the CSI Framework Sales Agreement and the Annual Caps; (ii) the letter from Crescendo, the Independent Financial Adviser, set out on pages 14 to 21 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders in respect of the transactions under the CSI Framework Sales Agreement and the Annual Caps; and (iii) additional information set out in the appendix to this circular.

The Independent Board Committee, having taken into account the advice of Crescendo, the Independent Financial Adviser, considers that the terms of the CSI Framework Sales Agreement and the Annual Caps are fair and reasonable in so far as the Company and the Independent Shareholders are concerned and the transactions under the CSI Framework Sales Agreement are on normal commercial terms or better and in the ordinary and usual course of business of the Group and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM in respect of the transactions under the CSI Framework Sales Agreement and the Annual Caps.

The Board considers that the transactions under the CSI Framework Sales Agreement and the Annual Caps are fair and reasonable in so far as the Company and the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole and therefore recommend you to vote in favour of the resolution in respect of the CSI Framework Sales Agreement and the Annual Caps to be proposed at the EGM.

### HYBRID EGM

The Company will conduct a hybrid EGM using Tricor e-Meeting System, which allows Shareholders to participate the EGM online in a convenient and efficient way from anywhere with an internet connection. Shareholders will be able to view the live video broadcast and participate in voting and submit questions in written form to the EGM via their mobile phones, tablet, or computers. The live broadcast option can also broaden the reach of the EGM to Shareholders who do not wish to attend physically due to concerns on attending large scale events under the current COVID-19 situation, or for other overseas Shareholders who are unable to attend in person.

Although Shareholders are welcome to attend the EGM physically in person if they so wish, the Company strongly recommends Shareholders to attend the EGM via the online option in view of the current development of COVID-19. The Company will also be undertaking the following precautionary measures to safeguard the health and well-being of Shareholders (or their proxies) who are attending the EGM in person, including compulsory body temperature check, requiring all participants to wear surgical face mask, plus safe distancing measures for queue management and seating at the meeting venue. To reduce close contact between attendees at the physical EGM, no refreshments will be served at the venue and no corporate gifts would be distributed. The Company may also deny any person who refuses to co-operate with the above precautionary measure or is detected to have a fever (i.e. over 37.3°C) or

## LETTER FROM THE BOARD

exhibiting flu-like symptoms from entering the meeting venue. If the venue of the EGM is closed in response to the COVID-19 outbreak, the EGM will continue to be held via the online platform.

For online voting at the EGM, Shareholders can refer to our enclosed letter and the Online Meeting User Guide (by visiting the hyperlink or scanning the QR code as printed therein) for details. If you have any queries on the above, please contact the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, via their hotline at (852) 2975 0928 from 9:00 a.m. to 5:00 p.m. (Monday to Friday, excluding Hong Kong public holidays).

### HOW TO VOTE AT THE EGM

Shareholders who wish to attend the EGM and exercise their voting rights can be achieved in one of the following ways:

- (1) attend the EGM in person and vote via smartphones or designated mobile devices at the EGM venue; OR
- (2) attend the EGM via Tricor e-Meeting System which enables live streaming and interactive platform for Q&A and submit their voting online; OR
- (3) appoint Chairman of the EGM or other persons as your proxy to vote on your behalf.

Your proxy's authority and instruction will be revoked if you attend and vote in person at the EGM or via the Tricor e-Meeting system.

Non-registered holders whose Shares are held in the Central Clearing and Settlement System through banks, brokers, custodians or Hong Kong Securities Clearing Company Limited may be able to attend the EGM, vote and submit questions online. In this regard, they should consult directly with their banks, brokers or custodians (as the case may be) for the necessary arrangements.

For corporate Shareholders who wish to attend the EGM and to vote online, please contact Company's branch share registrar at (852) 2975 0928 as soon as possible for arrangement.

Yours faithfully,  
For and on behalf of the Board  
**Channel Micron Holdings Company Limited**  
**Ng Yew Sum**  
*Chairman and Executive Director*

**Channel Micron Holdings Company Limited**

**捷心隆控股有限公司**

*(Incorporated in the Cayman Islands with members' limited liability)*

**(Stock Code: 2115)**

30 November 2021

*To: the Independent Shareholders*

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTIONS:  
CSI FRAMEWORK SALES AGREEMENT**

We refer to the circular of the Company dated 30 November 2021 of the Company (the “**Circular**”) to the Shareholders, of which this letter forms part. Terms defined in the Circular have the same meanings in this letter unless the context otherwise requires.

We have been appointed as the members of the Independent Board Committee to consider and advise the Independent Shareholders in respect of the terms of the CSI Framework Sales Agreement and the Annual Caps, details of which are set out in the Circular.

We wish to draw your attention to the letter from the Board and the letter of advice from Crescendo in the Circular.

Having taken into account of the advice of Crescendo, the Independent Financial Adviser, we consider that (i) the terms of the CSI Framework Sales Agreement and the Annual Caps are fair and reasonable in so far as the Company and the Independent Shareholders are concerned; (ii) the transactions under the CSI Framework Sales Agreement are on normal commercial terms or better and in the ordinary and usual course of business of the Group; and (iii) the transactions under the CSI Framework Sales Agreement are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM in respect of the transactions under the CSI Framework Sales Agreement and the Annual Caps.

Yours faithfully,

**Mr. NG Seng Leong, Mr. WU Chun Sing and**

**Mr. Martin Giles MANEN**

*Independent Board Committee*

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

*The following is the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the entering into of the CSI Framework Sales Agreement and the transactions contemplated thereunder, which has been prepared for the purpose of inclusion in this circular.*



1105 Tai Tung Building  
8 Fleming Road  
Wanchai, Hong Kong

30 November 2021

Channel Micron Holdings Company Limited  
Level 54, Hopewell Centre  
183 Queen's Road East  
Hong Kong

*To the Independent Board Committee and  
the Independent Shareholders*

Dear Sirs,

### **CONTINUING CONNECTED TRANSACTIONS CSI FRAMEWORK SALES AGREEMENT**

#### **INTRODUCTION**

We refer to our engagement as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the continuing connected transactions contemplated under the CSI Framework Sales Agreement (the “**Continuing Connected Transactions**”), details of which are set out in the “**Letter from the Board**” contained in the circular dated 30 November 2021 to the Shareholders (the “**Circular**”), of which this letter forms part. Capitalized terms used in this letter have the same meanings as defined elsewhere in the Circular unless the context otherwise requires.

On 1 November 2021 (after trading hours), the Company, as a supplier, and CSI, as a purchaser, entered into the CSI Framework Sales Agreement, pursuant to which the Group agreed to manufacture and supply, and CSI agreed to purchase, cleanroom wall and ceiling systems and equipment from the Effective Date to 31 December 2023.

As at the Latest Practicable Date, CSI was owned by Mr. Bockmiller and Mrs. Bockmiller as to 45% and 55% respectively. Mr. Bockmiller and Mrs. Bockmiller are spouses of each other. As at the Latest Practicable Date, Mr. Bockmiller and Mrs. Bockmiller were substantial shareholders of the Company who are collectively interested in 227,327,100 Shares, representing approximately 16.24% of the total issued share capital of the Company. Therefore, CSI is a connected person of the Company pursuant to Rule 14A.07 of the Listing Rules and the CSI Framework Sales Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company.



## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As the applicable percentage ratios as set out in Rule 14.07 of the Listing Rules for the Annual Caps in relation to the CSI Framework Sales Agreement are higher than 5%, the CSI Framework Sales Agreement and the Annual Caps in relation thereto are subject to the reporting, announcement, shareholders' approval and annual review requirements under Chapter 14A of the Listing Rules. In accordance with the Listing Rules, Mr. Bockmiller and Mrs. Bockmiller, and their associates are required to abstain from voting on the ordinary resolution in respect of the CSI Framework Sales Agreement and the Annual Caps to be proposed at the EGM.

The Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. NG Seng Leong, Mr. Martin Giles MANEN and Mr. WU Chun Sing, has been established to advise the Independent Shareholders as to whether the Continuing Connected Transactions are conducted in the ordinary and usual course of business of the Group, and whether the terms of the Continuing Connected Transactions are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and Shareholders as a whole. We, Crescendo Capital Limited, have been appointed to advise the Independent Board Committee and the Independent Shareholders in these regards and how to vote on the resolution in relation to the Continuing Connected Transactions to be proposed at the EGM.

We are not associated with the Group and its associates and do not have any shareholding in any member of the Group or right (whether legally enforceable or not) to subscribe for, or to nominate persons to subscribe for, securities in any member of the Group. We have not acted as a financial adviser or an independent financial adviser to the Company and its associates in the past two years. Apart from normal professional fees payable to us in connection with this appointment, no arrangements exist whereby we will receive any fee or benefit from the Group and its associates. We are not aware of any relationship or interest between our firm and the Company or other parties that would be reasonably considered to affect our independence to act as an independent financial adviser to the Independent Board Committee and the Independent Shareholders and we are independent of the Company pursuant to the requirements under Rule 13.84 of the Listing Rules.

### **BASIS OF OUR OPINION**

In formulating our opinion and recommendation, we have relied on the information and representations supplied, and the opinions expressed, by the Directors and management of the Company and have assumed that such information and statements, and representations made to us or referred to in the Circular are true, accurate and complete in all material respects as of the date hereof and will continue as such at the date of the EGM. The Directors have collectively and individually accepted full responsibility for the Circular, including particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group and having made all reasonable enquiries have confirmed that, to the best of their knowledge and belief, the information contained in the 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 in the Circular misleading.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We consider that we have reviewed sufficient information to reach an informed view, to justify reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our recommendation. We have no reasons to suspect that any material information has been withheld by the Directors or management of the Company, or is misleading, untrue or inaccurate, and consider that the information provided to us may be relied upon in formulating our opinion. We have not, however, for the purpose of this exercise, conducted any independent detailed investigation or audit into the businesses or affairs or future prospects of the Group and the related subjects of, and parties to, the CSI Framework Sales Agreement. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in the market and economic conditions) may affect and/or change this opinion and we do not have any obligation to update, revise or reaffirm this opinion.

### PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion regarding the Continuing Connected Transactions, we have considered the following principal factors and reasons:

#### 1. Background and reasons for the Continuing Connected Transactions

The Company is a cleanroom wall and ceiling systems and equipment provider based in the PRC and Malaysia. The Company provides a comprehensive range of cleanroom products and services based on customers' needs, including the development, production and installation of cleanroom wall and ceiling systems, such as cleanroom doors and windows, and cleanroom equipment, such as fan filter units (which filters and regulates airflow in a cleanroom), air showers, pass boxes and high-efficiency particulate air (HEPA) filters. The cleanroom wall and ceiling systems are manufactured and sold under the Channel Systems brand, while its cleanroom equipment is manufactured and sold under its Micron brand. Currently, the Group's major geographical markets are the PRC, Malaysia, Singapore, Philippines and other Southeast Asian countries.

CSI is a company established in the state of California, the United States with limited liability and it was owned by Mr. Bockmiller and Mrs. Bockmiller as to 45% and 55% respectively as at the Latest Practicable Date. CSI's principal business activity is the sale of cleanroom wall and ceiling systems in North America.

According to the information disclosed in the Company's prospectus, the Group started its business relationship with CSI in 1997, sourcing cleanroom wall and ceiling system products from it to supply to a semiconductor manufacturing facility in Malaysia. CSI was one of the founding members of Channel Systems Asia Sdn. Bhd., a joint venture company established in 1999 in Malaysia for business development of cleanroom wall and ceiling systems in the Southeast Asian market which subsequently became a direct wholly-owned subsidiary of the Company after reorganization took place in July 2019.

Recently, CSI secured certain projects for purchases of cleanroom wall and ceiling systems and equipment from a U.S. semiconductor company (the "**Relevant Facility Owner**") for cleanroom facility refurbishment in North America. In addition, CSI is in

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

discussions with the Relevant Facility Owner for other cleanroom projects in North America, some of which have already been in the quotation stage while others are still in negotiation for project details. CSI envisages that those projects would continue on an ongoing basis in the coming few years and intends to source the cleanroom wall and ceiling systems and equipment from the Group. Whilst the Group has been providing its cleanroom wall and ceiling systems to the facilities of the Relevant Facility Owner in Southeast Asia and China, the Directors consider that the sale of cleanroom wall and ceiling systems and equipment to CSI can help to secure orders from other projects of the Relevant Facility Owner in North America as well. Moreover, the Continuing Connected Transactions shall increase the revenue of the Group as well as enhance the Group's market share in supplying cleanroom products for semiconductor facilities. Therefore, the Company and CSI entered into the CSI Framework Sales Agreement to set out the principles upon which detailed terms concerning the supply of cleanroom wall and ceiling systems and equipment by the Group to CSI are to be determined.

Having considered that the sale of cleanroom wall and ceiling systems and equipment is carried out in the ordinary and usual course of business of the Group and the Continuing Connected Transactions shall provide additional revenue to the Group and facilitate the Group in expanding its geographical markets, we are of the opinion that the Continuing Connected Transactions are commercial transactions conducted in the ordinary and usual course of business of the Group and they are in the interests of the Company and Shareholders as a whole.

### **2. Principal terms of the CSI Framework Sales Agreement**

Pursuant to the CSI Framework Sales Agreement, the Company agreed to manufacture and supply, and CSI agreed to purchase, cleanroom wall and ceiling systems and equipment for the period from the Effective Date to 31 December 2023, conditional upon approval by the Independent Shareholders at the EGM. The CSI Framework Sales Agreement is a master agreement, according to which the relevant member(s) of the Group and CSI may from time to time enter into definitive agreement(s) in relation to any transaction upon, and subject to, the terms and conditions in compliance with those of the CSI Framework Sales Agreement. The definitive agreement(s) shall set out the detailed information and terms for the sales of the products including but not limited to the product model, technical specification, unit price, quantity, payment and delivery terms.

The prices offered to CSI for the supply of cleanroom wall and ceiling systems and equipment by the Group shall be determined taking into account the relevant costs, the prevailing market price of the products (based on the Company's market intelligence acquired via discussions with CSI and other customers and suppliers) and prices offered to Independent Third Party customers. The internal sales department of the Group shall price the products with its costs as a benchmark, upon which the Group shall determine the final prices for sale to CSI by comparing against quotations or prices offered by the Group to at least two Independent Third Party customers. The price and the terms of the sales of products shall be agreed upon after arm's length negotiation between the Group and CSI based on normal commercial terms, and in any event, shall be no less favourable to the Group than terms offered by the Group to the Independent Third Parties.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

To ensure the terms of the CSI Framework Sales Agreement are on normal commercial terms and fair and reasonable to the Company and the Shareholders and are no more favourable than those offered by the Group to the Independent Third Parties, the Group has formulated the following internal control policies and adopted the following internal control measures:

- (i) the finance department of the Company will closely monitor the transactions under the CSI Framework Sales Agreement to ensure that the transaction amount will not exceed the Annual Caps for the CSI Framework Sales Agreement;
- (ii) the internal sales department of the Group shall price the products with its costs as a benchmark, upon which the Group shall determine the final prices for sale to CSI by comparing against quotations or prices offered by the Group to at least two Independent Third Party customers;
- (iii) the finance department of the Company will conduct monthly random checks to review and assess whether the transactions contemplated under the CSI Framework Sales Agreement are conducted on normal commercial terms, in accordance with the terms set out in the CSI Framework Sales Agreement and whether the relevant contract terms are in the interest of the Company and the Shareholders as a whole. In particular, the finance department will check whether the pricing procedures as set out in paragraph (ii) above have been properly followed;
- (iv) the Company's external auditor will conduct an annual review of the transactions entered into under the CSI Framework Sales Agreement to ensure that the transaction amount is within the Annual Caps and the transactions are in accordance with the terms set out in the CSI Framework Sales Agreement; and
- (v) the Company's independent non-executive Directors will conduct an annual review of the status of the transactions contemplated under the CSI Framework Sales Agreement to ensure that the Company has complied with its internal approval process and the relevant requirements under the Listing Rules.

We understand from the management of the Company that the Group has not sold any product to CSI during the past three financial years ended 31 December 2020 and from 1 January 2021 up to the Latest Practicable Date. Therefore, we were unable to compare the terms of the definitive agreements entered into between the Group and CSI with those entered into with other Independent Third Parties. However, we have reviewed the terms of the sales of all the five quotations given by the Group to CSI and compared them with three sample purchase orders and quotations for the sale of similar products to the Independent Third Parties issued by the Group during the period from January 2020 to October 2021. The sample purchase orders and quotations were randomly selected and are all concerning the sales of comparable products by the Group to the Independent Third Parties. Therefore, we considered them fair and representative samples. We noted that the

<b>LETTER FROM THE INDEPENDENT FINANCIAL ADVISER</b>
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pricing procedures set out in the internal control policies were properly followed by the Company and the terms offered by the Company to CSI were comparable and no less favorable to the Group than terms offered to the Independent Third Parties.

With the implementation of the abovementioned pricing policy and internal control measures, we believe that the interests of the Company could be effectively safeguarded and the terms of the CSI Framework Sales Agreement would be fair and reasonable and on normal commercial terms.

### 3. Annual caps for the Continuing Connected Transactions

The Annual Caps for FY2021, FY2022 and FY2023 were determined based on the confirmed purchase requests and potential purchase demand from CSI which acts as the supplier of cleanroom wall and ceiling systems and equipment for various facilities in North America. As at the Latest Practicable Date, CSI's projects on hand and projects CSI has provided quotations for and/or identified are for facilities of the Relevant Facility Owner, which is principally engaged in the design and manufacturing of computer components and offering of computing, networking, data storage and communications solutions and whose shares are listed on the NASDAQ Stock Market with a market capitalisation of over USD200 billion as at the Latest Practicable Date.

The breakdown of the Annual Caps for FY2021, FY2022 and FY2023 are set out in the following table:

	<b>FY2021</b>	<b>FY2022</b>	<b>FY2023</b>
	<i>(USD'million)</i>	<i>(USD'million)</i>	<i>(USD'million)</i>
Received confirmed purchase requests from CSI	1.1	—	—
Estimated demand for projects with quotations submitted by the Group to CSI	0.4	0.4	—
Estimated demand from CSI for potential projects identified via discussion with the Relevant Facility Owner but are not in quotation stage yet	—	4.6	5.0
	—	4.6	5.0
<b>Total</b>	<b>1.5</b>	<b>5.0</b>	<b>5.0</b>

#### *Annual Cap for FY2021*

As at the Latest Practicable Date, the Group had received from CSI confirmed purchase requests for purchases of cleanroom wall and ceiling systems and equipment with a total contract sum of approximately USD1.1 million. The purchase requests are subject to the Company's acceptance of the requests upon the CSI Framework Sales Agreement becoming effective.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In addition, the Group has submitted two quotations with a total contract sum of approximately USD0.4 million to CSI for the supply of cleanroom wall and ceiling systems and equipment based on the product specifications in relation to two potential projects of the Relevant Facility Owner, one of which is related to the construction of a new cleanroom facility while another is related to the refurbishment of an existing facility in North America. The products for these two projects are expected to be delivered by end of 2021.

### *Annual Cap for FY2022*

The Group has submitted a quotation with a total contract sum of approximately USD0.4 million to CSI for the supply of cleanroom wall and ceiling systems and equipment based on the product specifications for a potential expansion project of the Relevant Facility Owner's existing facility. The products for the project are expected to be delivered in 2022.

Currently, CSI and the Relevant Facility Owner are in discussions for another three cleanroom projects in relation to the expansion or refurbishment of the Relevant Facility Owner's existing facilities in North America. Details of the projects have not been finalized yet and therefore no quotations from CSI have been submitted to the Relevant Facility Owner. However, based on the proposed project scope under discussion, the project sum in relation to the cleanroom wall and ceiling systems and equipment for these three projects is estimated to be around USD2.6 million. Moreover, various small contracts of cleanroom projects are expected to be concluded between CSI and the Relevant Facility Owner in 2022 and the total contract sum for the products to be sourced from the Group under these projects is estimated to be around US\$2.0 million.

### *Annual Cap for FY2023*

Through its communications with the Relevant Facility Owner, CSI noted that the Relevant Facility Owner has planned for three new cleanroom projects in FY2023, two of which are related to the construction of new cleanroom facilities while another one is related to the refurbishment of an existing facility in North America. The potential projects are not in the quotation stage yet. However, based on the preliminary plan of the proposed projects, CSI estimated that the total contract sum for the products to be sourced from the Group for these three projects would be approximately USD5.0 million.

We have reviewed and discussed with the management of the Company the purchase orders from CSI regarding the confirmed purchase requests, the quotations issued by the Group to CSI regarding the aforementioned potential projects and the correspondence between CSI and the Relevant Facility Owner in relation to their discussions on the potential projects, and consider that the proposed Annual Caps for the Continuing Connected Transactions are commensurate with the contract sum of the confirmed purchase requests and potential projects that might be carried out in

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

the respective years. Therefore, we are of the opinion that the proposed Annual Caps for the Continuing Connected Transactions are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### RECOMMENDATION

Having considered the abovementioned principal factors and reasons, we consider that the Continuing Connected Transactions are conducted in the ordinary and usual course of business of the Group, and the terms of the Continuing Connected Transactions (and the proposed Annual Caps thereunder) are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders, and we also recommend the Independent Shareholders, to vote in favour of the resolution to be proposed at the EGM to approve the CSI Framework Sales Agreement and the transactions contemplated thereunder and the Annual Caps.

Yours faithfully,  
For and on behalf of  
**Crescendo Capital Limited**

**Amilia Tsang**  
*Managing Director*

**Helen Fan**  
*Director*

*Notes:*

1. Ms. Amilia Tsang is a licensed person under the SFO permitted to engage in Type 6 (advising on corporate finance) regulated activity and has over 18 years of experience in corporate finance.
2. Ms. Helen Fan is a licensed person under the SFO permitted to engage in Type 6 (advising on corporate finance) regulated activity and has over 14 years of experience in corporate finance.

## 1. RESPONSIBILITY OF THE DIRECTORS

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. DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying shares and debentures of the Company or any of its associated corporation (as defined under the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) contained in the Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

### (a) Interest in Shares

Name of Directors	Type of interest	No. of shares held (Note 1)	Approximate percentage of issued share capital of the Company
Mr. Ng Yew Sum (“ <b>Mr. Ng</b> ”)	Beneficial owner	324,608,550 (L)	23.19%
Mr. Law Eng Hock	Beneficial owner	60,040,050 (L)	4.29%
Mr. Lim Kai Seng	Beneficial owner	36,877,050 (L)	2.63%
Ms. Yap Chui Fan	Beneficial owner	36,951,600 (L)	2.64%
Mr. Chin Sze Kee	Beneficial owner	37,061,850 (L)	2.65%

*Note:*

- The letter “L” denotes the person’s long position in the shares.



**(b) Interests in the associated corporation**

<b>Name of Director</b>	<b>Name of associated corporation</b>	<b>Nature of interests</b>	<b>Number of shares</b>	<b>Approximate percentage of shareholding</b>
Mr. Ng	Micron Cleanroom (Philippines), Inc. (“ <b>Micron Cleanroom</b> ”)	Beneficial owner	1,000	0.01%
Ms. Yap Chui Fan	Micron Cleanroom	Beneficial owner	1,000	0.01%
Mr. Chin Sze Kee	Micron Cleanroom	Beneficial owner	1,000	0.01%

Save as disclosed above and so far as is known to the Directors, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had or was deemed to have any other 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) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

**3. SUBSTANTIAL SHAREHOLDERS’ INTERESTS**

As at the Latest Practicable Date, so far as was known to any Directors or chief executive of the Company, the following persons (not being a Director or chief executive of the Company) had, or were deemed or taken to have interests or short positions in the shares of the Company 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:

**Interest in Shares**

<b>Name of Shareholder</b>	<b>Type of Interest</b>	<b>No. of shares held</b> <i>(Note 1)</i>	<b>Approximate percentage of issued share capital of the Company</b>
Ms. Yap Fui Lee <sup>(2)</sup>	Interest of spouse	324,608,550 (L)	23.19%
Mr. Francis Chia Mong Tet (“ <b>Mr. Chia</b> ”) <sup>(3)</sup>	Founder of discretionary trust	143,873,100 (L)	10.27%
Ms. Yau Ah Lan @ Fara Yvonne <sup>(3)</sup>	Interest of spouse	143,873,100 (L)	10.27%
DBS Trustee Limited <sup>(3)</sup>	Trustee of a trust	143,873,100 (L)	10.27%

Name of Shareholder	Type of Interest	No. of shares held (Note 1)	Approximate percentage of issued share capital of the Company
Mr. Douglas Frederick Bockmiller <sup>(4), (6)</sup>	Beneficial owner	62,258,700 (L)	4.45%
	Interest of controlled corporation and interest of spouse	165,068,400 (L)	11.79%
Mrs. Lauren Lindquist Bockmiller <sup>(5), (6)</sup>	Beneficial owner	32,258,700 (L)	2.30%
	Founder of a discretionary trust, interest of controlled corporation and interest of spouse	195,068,400 (L)	13.94%

*Notes:*

1. The letter “L” denotes the person’s long position in the shares.
2. Ms. Yap Fui Lee is the spouse of Mr. Ng. By virtue of the SFO, she is deemed to be interested in Mr. Ng’s shares of the Company.
3. DBS Trustee Limited, the trustee of a trust (“**Trust A**”) established by Mr. Chia and Ms. Yau Ah Lan @ Fara Yvonne holds the entire issued share capital of Chempenai Haus Limited. Chempenai Haus Limited holds 143,873,100 shares of the Company. As Mr. Chia has 100% control and beneficial interest of the rights and powers over the 143,873,100 shares of the Company held by Chempenai Haus Limited, by virtue of the SFO, he is deemed to be interested in the shares held by Chempenai Haus Limited. Ms. Yau Ah Lan @ Fara Yvonne is the spouse of Mr. Chia. By virtue of the SFO, she is deemed to be interested in Mr. Chia’s shares of the Company.
4. Mr. Douglas Frederick Bockmiller held 62,258,700 shares of the Company as beneficial owner.  
  
Each of Channel Systems Inc. and Pacific Panels Inc. held 51,404,850 shares of the Company. They are owned by Mr. Douglas Frederick Bockmiller as to 45% and 50%, respectively. By virtue of the SFO, Mr. Douglas Frederick Bockmiller is deemed to be interested in the shares of the Company held by Channel Systems Inc. and Pacific Panels Inc.
5. Mrs. Lauren Lindquist Bockmiller held 32,258,700 shares of the Company as beneficial owner.  
  
Graham Bockmiller Irrevocable Family Trust (the “**Trust B**”) held 30,000,000 shares of the Company. As Mrs. Lauren Lindquist Bockmiller maintains certain rights and powers over the Trust B, by virtue of the SFO, she is deemed to be interested in the shares held by the Trust B.  
  
Channel Systems Inc. held 51,404,850 shares of the Company. It is owned by Mrs. Lauren Lindquist Bockmiller as to 55%. By virtue of the SFO, Mrs. Lauren Lindquist Bockmiller is deemed to be interested in the shares of the Company held by Channel Systems Inc.
6. Mr. Douglas Frederick Bockmiller and Mrs. Lauren Lindquist Bockmiller are spouses of each other. By virtue of the SFO, they are deemed to be interested in each other’s shares of the Company.

Save as disclosed above, as at the Latest Practicable Date, the Directors and the chief executives of the Company are not aware of any other person or corporation having an interest or short position in the shares and underlying shares of the Company which would require to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

#### **4. MATERIAL ADVERSE CHANGES**

The Directors confirm that, as at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2020 being the date up to which the latest published audited accounts of the Company were made.

#### **5. DIRECTORS' SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with the Company or any of its subsidiaries which will not expire or is not determinable by the employer within one year without payment of compensation (other than statutory compensation).

#### **6. DIRECTORS' INTEREST IN ASSETS OR CONTRACTS**

As at the Latest Practicable Date, none of the Directors (i) had any interest in any assets which have been, since 31 December 2020 (being the date up to which the latest published audited accounts of the Company were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group and (ii) was materially interested in any contract or arrangement entered into by any member of the Group which was subsisting and significant in relation to the business of the Group.

#### **7. COMPETING INTERESTS**

As at the Latest Practicable Date, the Directors were not aware that any of them had interests in any business which competed or was likely to compete, either directly or indirectly, with the business of the Group which would fall to be discloseable under the Listing Rules.

## 8. EXPERT AND CONSENT

The following is the qualification of the expert who has given opinion or advice, which are contained or referred to in this circular:

<b>Name</b>	<b>Qualification</b>
Crescendo Capital Limited	A licensed corporation to conduct type 6 (advising on corporation finance) regulated activities under the SFO.

Crescendo has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter dated 30 November 2021 and references to its name, in the form and context in which it appears.

As at the Latest Practicable Date, Crescendo did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group nor did it have any direct or indirect interest in any assets which have, since 31 December 2020 (being the date to which the latest published audited consolidated financial statements of the Company were made up), been acquired or disposed of by, or leased to any member of the Group, or are proposed to be acquired or disposed of by, or leased to any member of the Group.

## 9. MISCELLANEOUS

- (a) The registered office of the Company is situated at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman KY1-1111, Cayman Islands and the principal place of business in Hong Kong is at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (b) The Company's branch share registrar in Hong Kong is Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (c) The secretary of the Company is Ms. Wong Pui Yin, Peony, a member of the Hong Kong Institute of Certified Public Accountants.
- (d) This circular is prepared in both English and Chinese. In the event of inconsistency, the English text shall prevail.

**10. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<https://www.channelmicron.com>), for a period of 14 days from the date of this circular:

- (a) this circular;
- (b) the letter from the Independent Board Committee, the text of which is set out in this circular;
- (c) the letter from Crescendo, the text of which is set out in this circular;
- (d) the written consent from Crescendo referred to in the section headed “Expert and Consent” in this appendix; and
- (e) CSI Framework Sales Agreement.

**NOTICE OF EGM**

**Channel Micron Holdings Company Limited**

**捷心隆控股有限公司**

*(Incorporated in the Cayman Islands with members' limited liability)*

**(Stock Code: 2115)**

**NOTICE OF EXTRAORDINARY GENERAL MEETING**

**NOTICE IS HEREBY GIVEN** that a hybrid extraordinary general meeting (the “**EGM**”) of Channel Micron Holdings Company Limited (the “**Company**”) will be held on Thursday, 16 December 2021 at 10:00 a.m. with a combination of (a) a physical meeting at Unit 1603–1604, 16/F, Causeway Bay Plaza I, 489 Hennessy Road, Causeway Bay, Hong Kong; and (b) a virtual meeting online or any adjournment of the meeting to consider and, if thought fit, pass the following ordinary resolution (with or without modifications):

**ORDINARY RESOLUTION**

**“THAT**

- (a) the CSI Framework Sales Agreement (as defined in the circular of the Company dated 30 November 2021 relating to the continuing connected transactions (the “**CCT Circular**”), a copy of which will be produced to the meeting and marked “A” and initialled by the chairman of the EGM for the purpose of identification), the terms and the transactions contemplated thereunder together with the relevant proposed annual caps in relation to such transactions for three years starting from the Effective Date (as defined in the CCT Circular) and ending on 31 December 2023 as set out in the CCT Circular be and are hereby approved, confirmed and ratified; and
- (b) any director of the Company be and is hereby authorised to take any step and execute such other documents as he considers necessary, desirable or expedient that are of administrative nature and ancillary to and for the purposes of carrying out or giving effect to the CSI Framework Sales Agreement or the transactions contemplated thereunder.”

By Order of the Board

**Channel Micron Holdings Company Limited**

**Ng Yew Sum**

*Chairman and Executive Director*

Hong Kong, 30 November 2021

## NOTICE OF EGM

*Notes:*

1. A member of the Company who is a holder of two or more shares of the Company, and who is entitled to attend and vote at the EGM, is entitled to appoint more than one proxy or a duly authorised corporate representative to attend and vote in his stead. A proxy needs not be a member of the Company. Completion and return of the form of proxy will not preclude a member of the Company from attending and voting in person at the EGM and any adjournment thereof should he so wish. In such event, his form of proxy will be deemed to have been revoked.
2. A form of proxy for the EGM is enclosed with the Company's circular dated 30 November 2021. In order to be valid, the form of proxy duly completed and signed in accordance with the instructions printed on the form together with a valid power of attorney or other authority, if any, under which it is signed, or a certified copy of such power or authority must be deposited at the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong or submit proxy instruction via the designated URL by using the username and password on the notification letter to be sent by the Company not less than 48 hours before the time for holding the EGM (i.e., not later than 10:00 a.m. on Tuesday, 14 December 2021 (Hong Kong time)) or any adjournment thereof.
3. The Hong Kong branch register of members of the Company will be closed from 13 December 2021 to 16 December 2021 (both dates inclusive) for the purposes of determining the entitlements of the members of the Company to attend and vote at the EGM. No transfers of the shares of the Company may be registered during the said period. In order to qualify for the aforesaid entitlements, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, no later than 4:30 p.m. (Hong Kong time) on Friday, 10 December 2021.
4. In accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"), the above resolution will be voted by way of poll; shareholders of the Company who have material interests (within the meaning of the Listing Rules) in the transactions to be approved by the above resolution, including but not limited to Channel Systems Inc. and/or its associate (within the meaning of the Listing Rules), are required to abstain from voting in the relevant resolutions.
5. In light of the COVID-19 pandemic, the Company will conduct a hybrid EGM using Tricor e-Meeting System, which allows Shareholders to participate the EGM online in a convenient and efficient way from anywhere with an internet connection. Shareholders will be able to view the live video broadcast and participate in voting and submit questions in written form to the EGM via their mobile phones, tablet, or computers. The live broadcast option can also broaden the reach of the EGM to Shareholders who do not wish to attend physically due to concerns on attending large scale events under the current COVID-19 situation, or for other overseas Shareholders who are unable to attend in person.
6. Although Shareholders are welcome to attend the EGM physically in person if they so wish, the Company strongly recommends Shareholders to attend the EGM via the online option in view of the current development of COVID-19. The Company will also be undertaking the following precautionary measures to safeguard the health and well-being of Shareholders (or their proxies) who are attending the EGM in person, including compulsory body temperature check, requiring all participants to wear surgical face mask, plus safe distancing measures for queue management and seating at the meeting venue. To reduce close contact between attendees at the physical EGM, no refreshments will be served at the venue and no corporate gifts would be distributed. The Company may also deny any person who refuses to co-operate with the above precautionary measure or is detected to have a fever (i.e. over 37.3°C) or exhibiting flu-like symptoms from entering the meeting venue. If the venue of the EGM is closed in response to the COVID-19 outbreak, the EGM will continue to be held via the online platform.
7. For online voting at the EGM, Shareholders can refer to our letter and the Online Meeting User Guide (by visiting the hyperlink or scanning the QR code as printed therein) for details. If you have any queries on the above, please contact the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, via their hotline at (852) 2975 0928 from 9:00 a.m. to 5:00 p.m. (Monday to Friday, excluding Hong Kong public holidays).

## NOTICE OF EGM

8. Shareholders who wish to attend the EGM and exercise their voting rights can be achieved in one of the following ways:

- (1) attend the EGM in person and vote via smartphones or designated mobile devices at the EGM venue; or
- (2) attend the EGM via Tricor e-Meeting System which enables live streaming and interactive platform for Q&A and submit their voting online; or
- (3) appoint Chairman of the EGM or other persons as your proxy to vote on your behalf.

Your proxy's authority and instruction will be revoked if you attend and vote in person at the EGM or via the Tricor e-Meeting system.

Non-registered holders whose shares of the Company are held in the Central Clearing and Settlement System through banks, brokers, custodians or Hong Kong Securities Clearing Company Limited may be able to attend the EGM, vote and submit questions and vote online. In this regard, they should consult directly with their banks, brokers or custodians (as the case may be) for the necessary arrangements.

For corporate Shareholders who wish to attend the EGM and to vote online, please contact Company's branch share registrar at (852) 2975 0928 as soon as possible for arrangement.

9. The EGM would proceed as arranged on Thursday, 16 December 2021 regardless of whether or not a rainstorm warning signal or a tropical cyclone warning signal is in force or "extreme conditions" caused by a super typhoon in Hong Kong at any time on that day. However, if there is no quorum present in accordance with the Articles, the EGM should be adjourned to the same day in the next week and at such time and place as shall be decided by the Board.

*As at the date of this notice, the board of directors of the Company comprises: (1) Mr. NG Yew Sum (Chairman), Mr. CHIN Sze Kee, Mr. LAW Eng Hock, Mr. LIM Kai Seng and Ms. YAP Chui Fan as the executive Directors; and (2) Mr. NG Seng Leong, Mr. Martin Giles MANEN and Mr. WU Chun Sing as the independent non-executive Directors.*