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CIRTEK HOLDINGS LIMITED

常達控股有限公司

(Incorporated in Cayman Islands with limited liability)

(Stock code: 1433)

DISCLOSEABLE TRANSACTION SUBSCRIPTION OF SHARES AND ACQUISITION OF SHARES IN TARGET COMPANY

THE SUBSCRIPTION AND ACQUISITION

On 24 February 2023 (after trading hours), the Purchaser entered into the Investment Agreement with the Vendors pursuant to which (i) the Purchaser agreed to subscribe for the Subscription Shares; and (ii) the Vendors agreed to sell and the Purchaser agreed to acquire the Sale Shares, for a total consideration of EUR1,095,000.

LISTING RULES IMPLICATIONS

As the relevant percentage ratio(s) exceed 5% but all relevant percentage ratios are below 25%, the Subscription and the Acquisition and the transactions contemplated thereunder constitute a discloseable transaction on the part of the Company under Chapter 14 of the Listing Rules and are subject to the announcement under Chapter 14 of the Listing Rules.

THE SUBSCRIPTION AND ACQUISITION

On 24 February 2023 (after trading hours), the Purchaser entered into the Investment Agreement with the Vendors pursuant to which (i) the Subscriber agreed to subscribe for the Subscription Shares; and (ii) the Vendors agreed to sell and the Purchaser agreed to acquire the Sale Shares, for a total consideration of EUR1,095,000.

The Investment Agreement

Pursuant to the Investment Agreement, there shall be (1) a subscription of the Subscription Shares by the Subscriber; and (2) an acquisition of the Sale Shares by the Purchaser. The principal terms are as follows:

Date: 24 February 2023 (after trading hours)

Parties: the Vendors; and
the Subscriber/the Purchaser;

Subject matter: In respect of the Subscription

Pursuant to the Investment Agreement, the Vendors conditionally agreed to cause the Target Company to issue and the Subscriber conditionally agreed to subscribe for the Subscription Shares at the subscription price of EUR37,941.18 per Subscription Share and the consideration in respect of the Subscription was EUR645,000 (“**Subscription Consideration**”).

In respect of the Acquisition

Pursuant to the Investment Agreement, the Vendors conditionally agreed to sell and the Subscriber conditionally agreed to purchase the Sale Shares at the price of EUR450,000 (“**The Acquisition Consideration**”).

Consideration and payment: The aggregate consideration payable by the Subscriber/the Purchaser pursuant to the Investment Agreement is EUR1,095,000.

In respect of the Subscription

The Subscription Consideration shall be paid in cash by bank transfer to the bank account of the Target Company and shall be paid by the Subscriber in the following manner:

(1) EUR365,000 shall be paid on 27 February 2023;

- (2) EUR215,000 shall be paid no later than 21 February 2024; and
- (3) the remainder EUR65,000 shall be paid no later than 21 February 2025.

In respect of the Acquisition

The Acquisition Consideration shall be paid in cash by bank transfer to the accounts of the Vendors in the following manner:

- (1) EUR150,000 shall be paid on 21 February 2024;
- (2) the remainder EUR300,000 shall be paid on 21 February 2025.

Basis of
consideration:

The consideration was determined after arm's length negotiations between the Vendors and the Purchaser by reference to the turnover and net results of the Target Company over the last five years and the charges and costs incurred by the Target Company on an annual basis.

Completion:

Completion of the Acquisition shall take place on 24 February 2023 and completion of the Subscription shall take place upon receipt of the EUR365,000 payment in respect of the Subscription by the Target Company, whereupon the Subscriber/the Purchaser shall hold 25% of the enlarged share capital of the Target Company.

As such, the Target Company will become an associated company of the Group and the financial results of the Target Group will not be consolidated into the accounts of the Group.

Security:

The Purchaser shall execute a share pledge in respect of the Sale Shares in favor of the Vendors as security for the Purchaser's payment obligations.

INFORMATION ON THE PARTIES

The Vendors

- (1) Mr Mickael BERDAH;
- (2) Mr Dominique TOYER; and
- (3) Mr Frédéric WENGROW

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, each of the Vendors is an Independent Third Party.

The Target Company

The Target Company is a limited liability company incorporated in France and is wholly-owned by the Vendors in equal shares. The Target Company is principally engaged in the printing, labelling and packaging business.

Set out below is a summary of the unaudited financial information of the Target Company prepared in accordance with generally accepted accounting principles in France for each of the two financial years ended 30 September 2022:

	For the year ended 30 September	
	2021	2022
	(unaudited)	(unaudited)
	<i>EUR'000</i>	<i>EUR'000</i>
Revenue	1,783	3,214
Profit before income tax	308	227
Profit after income tax	220	166

The unaudited net assets of the Target Company as at 30 September 2022 was approximately EUR189,000.

The Subscriber

The Subscriber is a limited liability company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company. It is principally engaged in the printing, labelling and packaging business.

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION AND ACQUISITION

The Company is an investment holding company and the Group's subsidiaries are principally engaged in the manufacturing and sale of printing products.

The Company and the Target Company are both engaged in the printing, labelling and packaging business. The Company and the Vendors intend to collaborate via the investment contemplated under the Investment Agreement and expand the footprint of the Target Company and the Company in international markets.

The terms of the Investment Agreement were determined after arm's length negotiations between the Company and the Vendors and the Directors are of the view that the terms of the Investment Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As the relevant percentage ratio(s) exceed 5% but all relevant percentage ratios are below 25%, the Subscription and the Acquisition and the transactions contemplated thereunder constitute a discloseable transaction on the part of the Company under Chapter 14 of the Listing Rules and are subject to the announcement under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“Acquisition”	the acquisition of the Sale Shares by the Purchaser pursuant to the Investment Agreement
“Company”	Cirtek Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (Stock code: 1433)
“Director(s)”	director(s) of the Company
“EUR”	Euros, the lawful currency of the European Union Member States

“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Investment Agreement”	the investment agreement dated 24 February 2023 and entered into between the Purchaser and the Vendors in respect of the Acquisition and the Subscription
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Purchaser” or “Subscriber”	Lowatag Limited, a limited liability company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company
“Sale Shares”	9 shares in the Target Company to be sold by the Vendors to the Purchaser under the Investment Agreement
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription of the Subscription Shares by the Subscriber pursuant to the Investment Agreement
“Subscription Shares”	the 17 share(s) of the Target Company to be allotted and issued by the Target Company to the Subscriber pursuant to the Investment Agreement
“Target Company”	Primway S.A.R.L, a limited liability company incorporated in France

“Vendors”

- (1) Mr Mickael BERDAH;
- (2) Mr Dominique TOYER; and
- (3) Mr Frédéric WENGROW

By Order of the Board
Cirtek Holdings Limited
CHAN Sing Ming Barry
Chairman and Executive Director

Hong Kong, 24 February 2023

As at the date of this announcement, the Board comprises Mr. Chan Sing Ming Barry, Ms. Law Miu Lan and Mr. Chan Tsz Fung being executive Directors; and Mr. Lam Chor Ki Dick, Mr. Lee Tak Cheong and Ms. Luk Mei Yan being independent non-executive Directors.