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If you have sold or transferred all your shares in Cirtek Holdings Limited, you should at once hand this circular, together with the accompanying proxy form, to the purchaser or transferee or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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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)**

### **MAJOR TRANSACTION IN RELATION TO THE LEASE**

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Capitalised terms used on this cover shall have the same meanings as those defined in the section headed "Definitions" in this circular, unless the context requires otherwise.

A letter from the Board is set out on pages 3 to 9 of this circular.

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

References to time and dates in this circular are to Hong Kong time and dates.

23 September 2024

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## DEFINITIONS

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

“Board”	the Board of Directors
“Charming International”	Charming International Limited, the controlling Shareholder of the Company which is holding 1,308,000,000 Shares (representing approximately 65.4% of the total issued Shares) as at the Latest Practicable Date, and is beneficially owned as to 51.0% by Mr. Chan Sing Ming Barry and 49.0% by Ms. Law Miu Lan, both of whom are executive Directors
“Company”	Cirtek Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Stock Exchange (stock code: 1433)
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“HKFRS(s)”	Hong Kong Financial Report Standards issued by the Hong Kong Institute of Certified Public Accountants
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company and its connected person(s)
“Latest Practicable Date”	31 July 2024, being the latest practicable date for the purpose of ascertaining certain information contained in this circular
“Lease”	the lease dated 23 July 2024 (as supplemented by the supplemental agreement dated 12 September 2024) entered into by the Lessee as lessee, and the Lessor as lessor in relation to the lease of the Premises

## DEFINITIONS

“Lessee”	Charming Printing (Boluo) Ltd. (博羅縣常美印刷有限公司), a limited liability company incorporated in the PRC and a wholly-owned subsidiary of the Company
“Lessor”	Boluo County Shiwan Town Shiwan Village Yaowu Joint Stock Economic Cooperative (博羅縣石灣鎮石灣村姚屋股份經濟合作社), a rural collective economic organization in the PRC
“Premises”	the factory located at No. 70, Honghai Road, Shiwan Village, Shiwan Town, Boluo County, with a total area of approximately 23,828 sq.m.
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	holder(s) of the Share(s)
“Share(s)”	ordinary share(s) of HK\$0.01 par value each in the issued share capital of the Company
“sq.m.”	square metre
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

*In this circular, amounts in HK\$ are translated into RMB on the basis of HK\$1.00 = RMB0.929. The conversion rate is for illustration purposes only and should not be taken as a representation that HK\$ could actually be converted in RMB at such rate or at all.*

## LETTER FROM THE BOARD

# CIRTEK HOLDINGS LIMITED

## 常達控股有限公司

*(Incorporated in Cayman Islands with limited liability)*

**(Stock code: 1433)**

*Executive Directors:*

Mr. CHAN Sing Ming Barry

Ms. LAW Miu Lan

Mr. CHAN Tsz Fung

*Registered Office:*

Third Floor

Century Yard

Cricket Square, P.O. Box 902

Cayman Islands

*Independent non-executive Directors:*

Mr. LAM Chor Ki Dick

Mr. LEE Tak Cheong

Ms. LUK Mei Yan

*Principal place of business in Hong Kong:*

1/F, Wing Ming Industrial Centre

15 Cheung Yue Street

Lai Chi Kok, Kowloon

Hong Kong

23 September 2024

*To the Shareholders*

Dear Sir/Madam,

### MAJOR TRANSACTION IN RELATION TO THE LEASE

#### INTRODUCTION

Reference is made to the announcements of the Company dated 23 July 2024, 13 August 2024 and 12 September 2024, whereby the Board announced that the Lessee (a wholly-owned subsidiary of the Company) as lessee, and the Lessor (an Independent Third Party) as lessor entered into the Lease in relation to the lease of the Premises for a term of fifteen (15) years commencing from 10 November 2024 and expiring on 9 November 2039 (both days inclusive).

The purpose of this circular is to provided you with, among other things, further information of the Lease and the transactions contemplated thereunder and other information as required under the Listing Rules.

#### THE LEASE

The Board announces that on 23 July 2024 (after trading hours), the Lessee (a wholly-owned subsidiary of the Company) as lessee, and the Lessor (an Independent Third Party) as lessor entered into the Lease (as supplemented by the supplemental agreement dated 12 September 2024) in relation to the lease of the Premises for a term of fifteen (15) years commencing from 10 November 2024 and expiring on 9 November 2039 (both days inclusive).

## LETTER FROM THE BOARD

The principal terms of the Lease are as follows:

- Date : 23 July 2024 (as supplemented by the supplemental agreement dated 12 September 2024)
- Parties : (1) Boluo County Shiwan Town Shiwan Village Yaowu Joint Stock Economic Cooperative (博羅縣石灣鎮石灣村姚屋股份經濟合作社) (an Independent Third Party) as Lessor; and
- (2) Charming Printing (Boluo) Ltd. (博羅縣常美印刷有限公司) (a wholly-owned subsidiary of the Company) as Lessee

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, (i) the Lessor and its ultimate beneficial owners, which are the members of the rural collective economic organisation, are Independent Third Parties; and (ii) the Lessor consists of approximately 1,100 members as at the Latest Practicable Date, and such members are joint stakeholders of the organisation.

- Premises : The factory located at No. 70, Honghai Road, Shiwan Village, Shiwan Town, Boluo County, with a total area of approximately 23,828 sq.m.
- Term : Fifteen (15) years commencing from 10 November 2024 and expiring on 9 November 2039 (both days inclusive)
- Annual rent : The annual rent payable by the Lessee is as follows:
- (a) from 10 November 2024 to 9 November 2029: RMB2,859,360.00 (the lessee shall enjoy a rent-free period for six (6) months from 10 November 2024 to 9 May 2025);
- (b) from 10 November 2029 to 9 November 2034: RMB3,145,296.00; and
- (c) from 10 November 2034 to 9 November 2039: RMB3,459,825.60.

The annual rent is payable in monthly instalments by the Lessee on or before the 15th day of each and every calendar month during the term of the Lease.

## LETTER FROM THE BOARD

The annual rent is exclusive of the relevant rates, management fees, utility charges and government fees, which shall be paid and discharged punctually by the Lessee during the term of the lease of the Premises, including the said rent-free period.

Rental deposit : RMB500,000.00

Use of the Premises : Manufacturing and sale of printing products

The annual rent was determined after arm's length negotiations between the parties with reference to the prevailing market rent for comparable premises in the vicinity of the Premises as set out in the valuation report in respect of the market rent valuation of the Premises performed by the independent property valuer, a copy of which is set out in Appendix II to this circular.

The Company has reviewed the valuation report and understands that it was prepared based on market approach which is generally by comparing recent market evidence of similar properties located in the neighbourhood area of the property, which is commonly used to value properties where reliable market evidence is available, and adjustments are considered to reflect the differences in various aspects including market conditions, size, location, time, age, quality, and any other relevant factors when comparing such leases against the property. The Company has also considered the valuation assumptions adopted by the independent property valuer, which are standard general assumptions.

The valuation was made reference to some transaction/asking rental references of similar properties nearby the development. The selection criteria of the transaction and/or asking price references of the comparable references are:

- a. The usage of the comparable references, which are industrial use;
- b. The location of the comparable references, which are within 15km driving distance from the subject property; and
- c. The size of the comparable references, which are above 10,000 sq.m.

The independent property valuer has adopted the comparable references by considering transaction and/or asking time, size, usage and locality and 0 to -5% adjustment has been adopted.

The Board understands from the independent property valuer that these selection criteria and considerations are commonly adopted when determining the comparable references and the Board considers it is appropriate to select the 6 premises in the valuation report as comparable references. Moreover, the Board understands that in accordance with the valuation report that the the market rent is RMB253,000 based on the selected comparable references. In comparison, the annual rent for 2024, as stated in the Lease, is RMB238,280. The selected comparable references range from RMB9 to RMB15 per square meter per month, while the annual rent for 2024, as specified in the Lease, is RMB10 per square meter per month, which falls within the comparable references range.

In consideration of the aforementioned, the Board considers that the valuation methodology, valuation assumptions and comparable companies selected in the valuation of the Premises are fair and reasonable.

## LETTER FROM THE BOARD

### THE RIGHT-OF-USE ASSETS

Pursuant to HKFRS 16 “Leases”, the Group will recognise a right-of-use asset in its financial statements when the Group enters into a lease transaction as the lessee and such transaction will be deemed to be an acquisition of a capital asset for the purpose of the Listing Rules. The value of the right-of-use asset to be recognised by the Group under the Lease is estimated to be approximately RMB34.0 million, which is calculated in accordance with HKFRS 16 “Leases” with reference to the present value of the aggregated lease payments to be made under the Lease.

The assumptions are adopted in the calculation of the present value of the aggregated lease payment include (i) the reference date of market data and information on the assessment date; (ii) the cash flows are derived based on the Lease; and (iii) the incremental borrowing rate of 4.00% for the Lease reflects the risks associated with the Lessee and the time value of money. In determining the incremental borrowing rate, the following functions of the discount rate are considered:

- a) Risk-free rate: the yield to maturity of the Chinese Government Bond with a similar term as of the Valuation Date;
- b) Credit rating: a financial ratio analysis of the Company to estimate the credit rating based on Moody’s research;
- c) Credit risk premium: yield curve of comparable bonds with similar credit ratings to estimate the credit spread; and
- d) Illiquidity premium: estimated based on the specific risks and the ability for financing of the subject company.

The incremental borrowing rate for the Leases is calculated below:

	Risk-free Rate	2.12%
	OAS	1.39%
	Illiquidity Risk Premium	0.48%
	Incremental Borrowing Rate (Round off to 2 decimal places)	4.00%

The Board is of the view that the valuation date and reference to market data/information on that date provide an appropriate benchmark for the assessment. Additionally, deriving the cash flows directly from the terms of the Lease are on normal commercial terms. The incremental borrowing rate that was used in the calculation reflects consideration of the risks associated with the lessee as well as the time value of money, both of which are important factors. Therefore, the Board considers that the calculation of the present value of the aggregated lease payments is fair and reasonable, and appears justified based on the details provided in the assessment.



## LETTER FROM THE BOARD

### INFORMATION OF THE PARTIES

The Lessee is a limited liability company incorporated in the PRC, and is principally engaged in manufacturing and sale of printing products.

The Lessor is a rural collective economic organisation in the PRC, and is principally engaged in collective rural asset operation and management and resource development. To the best knowledge, information and belief of the Directors and having made all reasonable enquiries, the Lessor and its ultimate beneficial owners are Independent Third Parties.

### FINANCIAL EFFECT OF THE ACQUISITION OF RIGHT-OF-USE ASSETS

It is expected that upon the completion of the transaction contemplated under the Lease, there will be an increase in total assets of approximately HK\$36.6 million, comprising an increase in right-of-assets of approximately HK\$36.6 million (equivalent to approximately RMB34.0 million). There will be an increase in total liabilities of approximately HK\$36.6 million (equivalent to approximately RMB34.0 million). The Group expects that the transaction contemplated under the Lease will increase finance costs by approximately HK\$1.4 million (equivalent to approximately RMB1.3 million) in the first year of the Lease. The Company considers that the commencement of the Lease will not constitute material adverse change to the Company.

### REASONS AND BENEFITS FOR ENTERING INTO THE LEASE

The Company is an investment holding company. The Group principally engages in manufacturing and sale of printing products. As such, the Premises where the Group places its equipments and carries on its business is of material importance. Given that the current lease for the Premises is expected to expire in November 2024, the Group shall lease the Premises for a period of 15 years to ensure that it has continuous and uninterrupted long-term use of the Premises for such duration. In assessing the market risk of the potential fluctuation of prevailing market rent over the prolonged lease period (as compared to the previous 10-year lease), the Board is of the view that such lease terms are fair and reasonable, having considered that (i) as confirmed by the Directors, the Company is able to obtain more favourable terms by entering into a 15-year lease with the Lessor; (ii) the discussion between the Board and the independent property valuer of the basis of the selection criteria, relevancy of the selected comparables and appropriateness of the adjustment mechanisms adopted in the valuation report; and (iii) the relocation and refurbishment costs the Group would otherwise have to incur if the Group is required to relocate to areas far from the Premises, which includes the re-hiring and/or relocation costs for factory staff, given that most of the current factory staff are resided next to the Premises, hence the economic benefits of continue leasing the Premises outweigh the potential relocation and refurbishment costs to incur.

## LETTER FROM THE BOARD

The annual rent of the Lease were determined after arm's length negotiations between the parties with reference to (i) the prevailing market rental for comparable premises in the vicinity of the Premises as set out in the valuation report in respect of the market rent valuation of the Premises performed by the independent property valuer, a copy of which is set out in Appendix II to this circular; and (ii) the rental payment made by the Group under the existing lease agreements of the Premises. In light of the gradual resurgence of the global economy, it is expected that the rental rates in the PRC will gradually rise with the growth in demand, and the Board anticipates that the rent will moderately increase compared to the current rate after five years.

Having considered the above, the Directors, including the independent non-executive Directors, are of the view that the Lease has been entered into in the ordinary and usual course of business of the Group, on normal commercial terms, and that the terms and conditions of the Lease, including the lease period and amount of annual rent, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the acquisition of right-of-use assets of the Premises recognised by the Group pursuant to HKFRS 16 under the Lease is 25% or more but is less than 100%, the entering into of the Lease constitutes a major transaction for the Company and is subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules. To the best of the knowledge of the Directors, no Shareholder has a material interest in the Lease and the transactions contemplated thereunder, and no Shareholder would be required to abstain from voting at a general meeting of the Company for approving the same if the Company were to convene such a general meeting. The Company has obtained a written approval for the Lease and the transactions contemplated thereunder from its controlling Shareholder Charming International, which holds 1,308,000,000 Shares, representing approximately 65.4% of the total issued Shares as at the Latest Practicable Date. Accordingly, the Lease and the transactions contemplated thereunder have been approved by way of written Shareholders' approval in lieu of holding a general meeting of the Company pursuant to Rule 14.44 of the Listing Rules.

## LETTER FROM THE BOARD

### RECOMMENDATION

Although no general meeting will be convened for approving the Lease and the transaction contemplated thereunder, the Directors (including the independent non-executive Directors) are of the view that the entering into of the Lease and the transaction contemplated thereunder is fair and reasonable and is in the interests of the Company and the Shareholders as a whole. Accordingly, if the general meeting was convened, the Directors would have recommended the Shareholders to vote in favour of the entering into of the Lease and the transaction contemplated.

### ADDITIONAL INFORMATION

Your attention is also drawn to the additional information contained in the appendices to this circular.

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

## 1. FINANCIAL INFORMATION OF THE GROUP

Financial information of the Group for the years ended 31 December 2021, 2022 and 2023 are disclosed in the following documents which are published on both the websites of the Stock Exchange and the Company. Please refer to the hyperlinks as stated below:

annual report of the Company for the year ended 31 December 2021:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0429/2022042900039.pdf>  
(page 46-148)

annual report of the Company for the year ended 31 December 2022:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0428/2023042801290.pdf>  
(page 48-152)

annual report of the Company for the year ended 31 December 2023:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0429/2024042900431.pdf>  
(page 46-156)

## 2. INDEBTEDNESS STATEMENT

### **Borrowings**

As at the close of business on 31 July 2024, being the latest practicable date for the purpose of ascertaining information contained in this statement of indebtedness prior to the printing of this Circular, the Group had outstanding secured and guaranteed bank loans of approximately HK\$7.3 million and lease liabilities of approximately HK\$9.3 million.

### **Security and guarantees**

As at the close of business on 31 July 2024, the Group's secured bank loans were secured by the Group's plant and machinery, life insurance policy of a subsidiary, pledged bank deposits, corporate guarantees given by the Company and certain subsidiaries and personal guarantees given by certain directors and senior management of the Company.

As at the close of business on 31 July 2024, certain of the Group's lease liabilities were guaranteed by unlimited corporate guarantees given by the Group.

**General**

Save as aforesaid or otherwise disclosed herein, and apart from intra-group liabilities, normal trade and other payables and contract liabilities, as at 31 July 2024, being the latest practicable date for the purpose of preparing this statement of indebtedness prior to the printing of this Circular, the Group did not have any debt securities authorised or created but unissued, issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, hire purchase or finance lease commitments, guarantees or other material contingent liabilities.

To the best knowledge of the Directors, having made all reasonable enquiries, (i) there has been no material change in indebtedness or contingent liabilities of the Group since 31 July 2024; (ii) there has not been any default on repayments or other obligations in any material respect under the loan agreements; (iii) the Group does not have material covenants relating to the outstanding debts; (iv) the Group has complied with all of the finance covenants up to the Latest Practicable Date; and (v) the Group does not have any material external debt financing plans as at the Latest Practicable Date.

**3. WORKING CAPITAL**

The Directors, after due and careful consideration, are of the opinion that in the absence of unforeseeable circumstances, taking into account the financial resources available to the Group and the estimated expenses arising from the Lease, the Group will have sufficient working capital for its present requirements and for at least twelve (12) months from the date of this circular.

**4. MATERIAL ADVERSE CHANGE**

The Directors confirmed that there were no material adverse changes in the financial or trading position or prospects of the Group since 31 December 2023 (being the date to which the latest published audited consolidated financial statements of the Group had been made up) up to the Latest Practicable Date.

**5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP**

The Group's business performance stabilised in the first half of 2024 due to the strengthening market conditions and improving consumer confidence and spending in certain regions, which can be demonstrated by the overall consumer confidence index in the United States rising to 100.3 in July 2024, including a 0.6% increase in June for the apparel and accessories retails sales sector as compared to the previous month. However, the global retail market still faces many challenges in the second half of the year. These include high interest rates and uncertain trade relationship between Chinese Mainland and the United States, adding volatility to the market. Nevertheless, the Group remains cautiously optimistic about its outlook, as it has built a global presence to effectively minimise risks and capture business opportunities.

After years of meticulous planning and implementation, the Group has moved gradually from the investment stage into the harvesting period. In the future, it will strive to consolidate its business foundation, actively push to increase revenue from markets in all regions, improve the operational efficiency of its plants and strengthen cost control, as well as make timely adjustments in response to market changes so as to achieve steady growth. RFID will remain as a key focus of the Group as the technology and its applications are still developing, leaving enormous room for growth. As leading brands increasingly adopt RFID products, the market is poised for significant growth, with other brands likely to follow suit. Furthermore, cognizant of the uncertain global economic landscape, the Group will steadfastly adhere to its prudent financial management strategy. This will entail minimising borrowings and bolstering flexibility in liquidity, with the aim of fortifying the resilience of its business operations in the face of adversity. Ultimately, this approach will enable the Group to maintain a robust financial position, equipping it to navigate market fluctuations and ensure the long-term sustainable development of its business.

The Group has placed much emphasis on environmental protection and sustainable development. In the past half year, it has installed solar panels on its factories in Chinese Mainland to help reduce carbon emissions. Apart from using renewable energy, the Group will also press on optimising in areas such as operation management, product design and raw materials choices to help it build a more environmentally friendly and sustainable business model.

Looking ahead, the Group will continue to make good use of its “offensive yet defensive” global footprint. It will pay close attention to market dynamics, make timely adjustments in allocating resources and to its market strategies, actively explore new business opportunities, expand its business coverage and diversify its business, so as to consolidate its core competitiveness and create long-term value for shareholders.

<sup>1</sup> <https://www.mckinsey.com/industries/retail/our-insights/state-of-fashion>

<sup>2</sup> <https://www.thebusinessresearchcompany.com/report/apparel-global-market-report>

The following is the text of a letter and a valuation certificate prepared for the purpose of incorporation in this circular received from Masterpiece Valuation Advisory Limited, an independent valuer, in connection with its valuation as of 31 July 2024 of the property interests.



Suite 403, 93-103 Wing Lok Street,  
Sheung Wan, Hong Kong

WEB: [www.mpval.com](http://www.mpval.com)

23 September 2024

The Board of Directors  
**Cirtek Holdings Limited**  
1/F, Wing Ming Industrial Centre,  
15 Cheung Yue Street,  
Lai Chi Kok, Kowloon,  
Hong Kong

Dear Sirs/Madams,

#### INSTRUCTIONS

In accordance with the instructions of Cirtek Holdings Limited (the “**Company**”) and its subsidiaries (hereinafter together referred to as the “**Group**”) for us to carry out the rental valuation of the property interests located in No. 70, Honghai Road, Shiwan Village, Shiwan Town, Boluo County, Huizhou City, Guangdong Province, the People’s Republic of China (the “**PRC**”) leased by Charming Printing (Boluo) Ltd. (博羅縣常美印刷有限公司) (the “**Target Company**”). We confirm that we have carried out the inspection, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the Market Rent of the property interests as of 31 July 2024 (the “**Valuation Date**”).

#### VALUATION STANDARDS

In valuing the property interests, we have complied with all the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”), the HKIS Valuation Standards (2020 Edition) published by the Hong Kong Institute of Surveyors and the International Valuation Standards published from time to time by the International Valuation Standards Council.

**BASIS OF VALUATION**

Our valuation is carried out on a Market Rent basis, which is defined as *“the estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and willing lessee on appropriate lease terms in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”*.

**VALUATION ASSUMPTIONS**

Our valuation of the property excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangement, special considerations or concessions granted by anyone associated with the letting, or any element of special value or costs of letting or offset for any associated taxes.

No allowance has been made in our report for any deferred term contract, leaseback, joint venture, management agreement or any similar agreement, charges, mortgages or amounts owing on any of the property interests valued nor for any expenses or taxation which may be incurred in effecting the lease. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions, and outgoings of an onerous nature, which could affect their market rent.

In the course of our valuation of the property in the PRC, we have assumed that transferable land use rights in respect of the property for a specific term at nominal annual land use fees have been granted and that any premium has already been fully settled. We have relied on the advice given by the Group regarding the title to the property. For the purpose of our valuation, we have assumed that the grantee has an enforceable title to the property.

In valuing the property in the PRC, we have assumed that the grantees or the users of the property have free and uninterrupted rights to use or to assign the property for the whole of the unexpired term as granted.

Unless noted in the report, vacant possession is assumed for the property concerned.

Moreover, we have assumed that the design and construction of the properties are/will be in compliance with the local planning regulations and requirements and had been/would have been duly examined and approved by the relevant authorities.

Continued uses assume the properties will be used for the purposes for which the properties are designed and built, or to which they are currently adapted. The valuation of the property in continued uses does not represent the amount that might be realised from piecemeal disposition of the property in the open market.



No environmental impact study has been ordered or made. Full compliance with applicable national, provincial, and local environmental regulations and laws is assumed. Moreover, it is assumed that all required licences, consents or other legislative or administrative authority from any local, provincial, or national government or private entity or organisation either have been or can be obtained or renewed for any use which the report covers.

It is also assumed that all applicable zoning and use regulations and restrictions have been complied with unless nonconformity has been stated, defined, and considered in the valuation report. In addition, it is assumed that the utilisation of the land and improvements are within the boundaries of the properties described and that no encroachment or trespass exists, unless noted in the report.

We have further assumed that the properties were not transferred or involved in any contentious or non-contentious dispute as of the valuation date. We have also assumed that there was not any material change in the properties between the dates of our inspection and the valuation date.

## VALUATION METHODOLOGY

In the course of our valuation, unless otherwise stated, we have valued the properties in their designated uses with the understanding that the properties will be used as such (hereafter referred to as “**continued uses**”).

In valuing the property interests, we have valued by market approach which is generally by comparing recent market evidence of similar properties located in the neighbourhood area of the property. Adjustments are considered to reflect the differences in various aspects including market conditions, size, location, time, age, quality, and any other relevant factors when comparing such leases against the property. This approach is commonly used to value properties where reliable market evidence is available.

## TITLE INVESTIGATION

We have been provided with copies of documents in relation to the title of the property interests in the PRC. Where possible, we have examined the original documents to verify the existing title to the property interest in the PRC and any material encumbrance that might be attached to the property interests or any tenancy amendment. All documents have been used for reference only and all dimensions, measurements and areas are approximate. We are unable to ascertain the title of the property in the PRC and we have therefore relied on the advice given by the Group regarding the interests of the Group in the property in the PRC.

In valuing the property, we have assumed that the owner of the property has an enforceable title to the property and has free and uninterrupted rights to use, occupy, assign, or lease the property for the whole or part of the unexpired term as granted. We have not verified the authentication of the real estate title certificates and we assume that the copies of relevant documents provided by the Company are true and accurate.

**SITE INVESTIGATION**

We have inspected the exteriors and, where possible, the interiors of the Property. The site inspection was carried out on 29 May 2024 by Greivis Sze (Director of Masterpiece Valuation Advisory Limited) by live stream. However, we have not carried out an investigation on site to determine the suitability of ground conditions and services for any development thereon. Our valuation has been prepared on the assumption that these aspects are satisfactory. We have further assumed that there is no significant pollution or contamination in the locality which may affect any future developments.

Moreover, no structural surveys have been undertaken, but in the course of our inspection, we did not note any serious defects. We are not, however, able to report whether the Property is free of rot, infestation or any other structural defects. No tests were carried out on any of the utility services.

**SOURCE OF INFORMATION**

Unless otherwise stated, we shall rely to a considerable extent on the information provided to us by the Company or the legal or other professional advisers on such matters as statutory notices, planning approvals, zoning, easements, tenures, completion date of buildings, development proposal, identification of properties, particulars of occupation, site areas, floor areas, matters relating to tenure, tenancies, and all other relevant matters.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Company. We have also sought confirmation from the Company that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view and we have no reason to suspect that any material information has been withheld.

We have not carried out detailed measurements to verify the correctness of the areas in respect of the property but have assumed that the areas shown on the title documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

**LIMITING CONDITION**

Wherever the content of this report is extracted and translated from the relevant documents supplied in Chinese context and there are discrepancies in wordings, those parts of the original documents will take prevalent.

**CURRENCY**

Unless otherwise stated, all monetary amounts stated in this report are in Renminbi (“RMB”).

Our valuations are summarized below and the valuation certificates are attached.

Yours faithfully,  
For and on behalf of  
**Masterpiece Valuation Advisory Limited**  
**Sr Oswald W Y Au**  
*MHKIS(GP) AAPI MSc(RE)*  
*Registered Professional Surveyor (GP)*  
*Managing Director*

*Note:* Mr. Oswald W Y Au is a member of the Hong Kong Institute of Surveyors (General Practice), an Associate Member of the Australian Property Institute and a Registered Professional Surveyor (General Practice) registered with the Surveyors Registration Board. He has over 20 years’ experience in financial valuation and property valuation in Hong Kong, the PRC, the U.S. and the Asia Pacific region respectively.

## VALUATION CERTIFICATE

## Property interests leased by the Group in the PRC

Property	Description and tenure	Particulars of occupancy	Market monthly rent in existing state as at 31 July 2024 RMB
Various buildings located at No. 70, Honghai Road, Shiwan Village, Shiwan Town, Boluo County, Huizhou City, Guangdong Province, the PRC. (the "Property")	<p>The buildings have a total area of approximately 23,828.00 sq.m.</p> <p>The property is located in Huizhou City, near the Shiwan Bridge, with approximately 740m to Boluo County People's Court Shiwan People's Tribunals (博羅縣人民法院石灣人民法庭) and 1.2km to The Third People's Hospital of Boluo County (博羅縣第三人民醫院).</p> <p>The property is leased to Charming Printing (Boluo) Ltd. (博羅縣常美印刷有限公司) (the "Target Company"), a wholly-owned subsidiary of the Company for a term commencing from 10 November 2014 and expiring on 10 November 2024.</p>	The property with a lettable area of approximately 23,828.00 sq.m., has been leased to Charming Printing (Boluo) Ltd. for industrial use.	253,000

## Notes:

- i. Pursuant to the tenancy agreement dated 18 July 2013 entered between 石灣村姚屋村小組 and Charming Printing (Boluo) Ltd. (博羅縣常美印刷有限公司), the Property with a total area of 23,828.00 sq.m. will be leased to Charming Printing (Boluo) Ltd. (博羅縣常美印刷有限公司) for a term commencing from 10 November 2014 and expiring on 10 November 2024 at a total monthly rent of RMB 142,968 (total annual rent of RMB1,715,616) and a 20% increase every five years.
- ii. Pursuant to the pending tenancy agreement dated 23 July 2024 (as supplemented by the supplemental agreement dated 12 September 2024) entered between Boluo County Shiwan Town Shiwan Village Yaowu Joint Stock Economic Cooperative(博羅縣石灣鎮石灣村姚屋股份經濟合作社) and Charming Printing (Boluo) Ltd. (博羅縣常美印刷有限公司), the Property with a total area of 23,828.00 sq.m. will be leased to Charming Printing (Boluo) Ltd. (博羅縣常美印刷有限公司) for a term commencing from 10 November 2024 to 9 November 2039 with a rent-free period for six months from 10 November 2024 to 9 May 2025 at a total annual rent of RMB 2,859,360 and a 10% increase every five years.

iii. In our valuation, we have made reference to some transaction/asking rental references of similar properties nearby the development. We have adopted the range of unit rents between RMB 9 to RMB 15 per sq.m. per month. The unit rents assumed by us are consistent with the said rental reference. Due adjustments to the unit rents of those rental references have been considered to reflect factors including but not limited to time, location and size in arriving at the key assumptions. The selection criteria of the transaction and/or asking price references of the comparable references are stated as below:

- a. The usage of the comparable references, which are industrial use;
- b. The location of the comparable references, which are within 15km driving distance from the subject property; and
- c. The size of the comparable references, which are above 10,000 sq.m..

Based on the aforesaid criteria, we have, to our best endeavour and knowledge, identified an exhaustive list of 6 comparable references.

The details of the comparable references are stated below:

Address	Gross Floor Area (sq.m.)	Unit rent/ sq.m./month	Usage	Distance to the subject property
Yuantou Village, Shiwan Town, Boluo County	12,000	13.00	Industrial	Approximately 12km
Shiwan Town, Boluo County	27,300	15.00	Industrial	Approximately 10km
Shiwan Town Technology Industrial Park	13,800	11.00	Industrial	Approximately 10km
Shiwan Town Technology Industrial Park	25,000	9.00	Industrial	Approximately 10km
Shiwan Town Technology Industrial Park	14,500	10.00	Industrial	Approximately 10km
Tiechang Center Market, Shiwan Town, Boluo County	24,300	9.00	Industrial	Approximately 10km

We have adopted the comparable references by considering transaction and/or asking time, size, usage and locality and 0 to -5% adjustment has been adopted.

## 1. RESPONSIBILITY STATEMENT

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

## 2. DISCLOSURE OF INTERESTS

### (a) Directors' and chief executive's interests and/or short positions in shares and underlying shares of the Company or its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which (a) 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 have taken, or are deemed to have taken, under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be recorded in the register required to be kept by the Company; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules (the "Model Code"), to be notified to the Company and the Stock Exchange were as follows:

#### *i. The Company*

Name of Director	Nature of interests	Number of Shares held	Approximate percentage of interests as at the Latest Practicable Date
Chan Sing Ming Barry	Interest in a controlled corporation (Note 1) (Note 2)	1,308,000,000	65.4%
Law Miu Lan	Interest in a controlled corporation (Note 1) (Note 2)	1,308,000,000	65.4%
Chan Tsz Fung	Beneficial owner	12,000,000	0.6%

*ii. Charming International Limited*

Name of Director	Number of shares held	Approximate percentage of interests of the associate company as at the Latest Practicable Date
Chan Sing Ming Barry ("Mr. Barry Chan")	51 shares of US\$1.00 each	51.0%
Law Miu Lan ("Ms. Candy Law")	49 shares of US\$1.00 each	49.0%

*Notes:*

- (1) *Each of Mr. Barry Chan and Ms. Candy Law owns as to 51% and 49% of the issued share capital of Charming International which, in turn, holds 1,308,000,000 Shares. Accordingly, Mr. Barry Chan and Ms. Candy Law are deemed to be interested in 1,308,000,000 Shares held by Charming International by virtue of the disclosure requirements of the SFO.*
- (2) *Mr. Barry Chan is the spouse of Ms. Candy Law. Accordingly, Mr. Barry Chan and Ms. Candy Law are deemed to be interested in the Shares held by each other by virtue of the SFO.*

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and/or chief executive of the Company nor their associates had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which each of them has taken or deemed to have taken under the SFO), or which would be required, pursuant to section 352 of the SFO, to be entered in the register required to be kept therein or which would be required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

**(b) Substantial shareholders' and other persons' interests and/or short positions in the Shares and underlying Shares of the Company**

As at the Latest Practicable Date, the following persons (other than the Directors or the chief executive of the Company) have interests of 5% or more in the Shares and underlying Shares of the Company as recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Name	Nature of interests	Number of Shares held	Approximate percentage of interests as at the Latest Practicable Date
Charming International	Beneficial owner (Note)	1,308,000,000	65.4%

*Note: Each of Mr. Barry Chan and Ms. Candy Law owns as to 51% and 49% of the issued share capital of Charming International which, in turn, holds 1,308,000,000 Shares. Accordingly, Mr. Barry Chan and Ms. Candy Law are deemed to be interested in 1,308,000,000 Shares held by Charming International by virtue of the disclosure requirements of the SFO.*

As at the Latest Practicable Date, no person, other than the Directors and chief executive of the Company, whose interests are set out in the paragraph headed "Directors' and chief executive's interests and/or short positions in Shares and underlying Shares of the Company" above, had registered an interest or a short position in the Shares or underlying Shares of the Company as recorded in the register of interests required to be kept pursuant to Section 336 of the SFO.

**3. DIRECTORS' SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with any member of the Group which does not expire or is not determinable by such member of the Group within one year without payment of compensation (other than statutory compensation).

**4. COMPETING INTERESTS**

As at the Latest Practicable Date, none of the Directors and their respective close associates was interested in any business which competes, or is likely to compete, either directly or indirectly, with the business of the Group pursuant to Rule 8.10 of the Listing Rules.



## 5. DIRECTORS' INTERESTS IN CONTRACTS AND ASSETS OF THE GROUP

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement subsisting as of the Latest Practicable Date and which was significant in relation to the business of the Group; and none of the Directors had any direct or indirect interest in any assets which had been acquired or disposed of by or leased to, or which were proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2023, being the date to which the latest published audited financial statements of the Company were made up.

## 6. MATERIAL CONTRACTS

The following contracts have been entered into by members of the Group within two years preceding the date of this circular and each of which is or may be material:

1. an investment agreement dated 24 February 2023 between (i) Mr. Mickael Berdah, Mr. Dominique Toyer and Mr Frédéric Wengrow (as vendors); and (ii) Lowatag Limited (as purchaser/subscriber) in relation to (a) a subscription of 17 shares in Primway S.A.R.L, a limited liability company incorporated in France and (b) the sale and purchase of 9 shares in Primway S.A.R.L, for the total consideration of EUR1,095,000; and
2. the Lease (as supplemented by the supplemental agreement dated 12 September 2024).

## 7. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or claims of material importance nor was any litigation or claims of material importance known to the Directors to be pending or threatened against any member of the Group.

## 8. EXPERT AND CONSENT

The following is the qualification of the expert who has given opinion or advice contained in this circular:

Name	Qualification
Masterpiece Valuation Advisory Limited	Independent property valuer

As at the Latest Practicable Date, the above expert:

- (a) had given and had not withdrawn its written consent to the issue of this circular with the inclusion of its letter or opinions or advice and references to its name, in the form and context in which they appear;

- (b) did not have any shareholding, directly or indirectly, 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; and
- (c) did not have any direct or indirect interest in any assets which had been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2023, being the date to which the latest published audited consolidated financial statements of the Company were made up.

## 9. GENERAL

- (1) The registered office of the Company is at Third Floor, Century Yard, Cricket Square, P.O. Box 902, Grand Cayman KY1-1103, Cayman Islands.
- (2) The principal place of business of the Company in Hong Kong is at 1/F, Wing Ming Industrial Centre, 15 Cheung Yue Street, Lai Chi Kok, Kowloon, Hong Kong.
- (3) The Hong Kong branch share registrar and transfer office of the Company is Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.
- (4) The secretary of the Company is Mr. Chan Wai Shing Kevin, who is a fellow member of the Association of Chartered Certified Accountants and a member of The Institute of Chartered Secretaries and Administration.

## 10. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.cirtek.com](http://www.cirtek.com)) for a period of 14 days from the date of this Circular:

- (a) the Lease (as supplemented by the supplemental agreement dated 12 September 2024);
- (b) the valuation report prepared by Masterpiece Valuation Advisory Limited, the text of which is set out in Appendix II to this circular; and
- (c) the written consent referred to in the section headed "Expert and Consent" of this appendix.