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If you have sold or transferred all your shares in Janco Holdings Limited, you should at once hand this circular 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 onward transmission to the purchaser or the transferee.

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Janco Holdings Limited

駿高控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8035)

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

All capitalised terms used in this circular have the meanings set out in the section headed “Definitions” of this circular. A letter from the Board is set out on pages 3 to 8 of this circular.

Pursuant to Rule 19.44 of the GEM Listing Rules, in lieu of a resolution to be passed at a general meeting of the Company, written Shareholder’s approval for the Lease Agreement and the transaction contemplated thereunder had been obtained from Million Venture, a Controlling Shareholder holding 75% of the total number of the issued Shares as at the date of the Lease Agreement and the Latest Practicable Date. No general meeting will be convened for approving the Lease Agreement and the transaction contemplated thereunder and this circular is being despatched to the Shareholders for information only.

This circular will remain on the “Latest Listed Company Information” page of the GEM website (www.hkgem.com) for at least 7 days from the date of publication and on the website of the Company (www.jancofreight.com).

CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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DEFINITIONS

In this circular, the following expressions shall have the meanings set out below unless the context requires otherwise:

“Announcement”	the announcement of the Company dated 6 October 2020 in relation to the Lease Agreement;
“Board”	the board of Directors;
“Company”	Janco Holdings Limited (駿高控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on The Stock Exchange of Hong Kong Limited (stock code: 8035);
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules;
“Controlling Shareholder(s)”	has the meaning ascribed to it under the GEM Listing Rules;
“Directors”	the director(s) of the Company;
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited;
“Group”	the Company and its subsidiaries;
“Latest Practicable Date”	8 November 2020, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein;
“Lease Agreement”	the lease agreement dated 6 October 2020 entered into between the Lessee and the Lessor for the use of the Premises during the Term;
“Lessee”	35plus Limited, an indirect wholly-owned subsidiary of the Company;
“Lessor”	Harvest Hill (Hong Kong) Limited (溢峰(香港)有限公司), a company incorporated in Hong Kong with limited liability, being the lessor of the Lease Agreement;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“HKFRS 16”	Hong Kong Financial Reporting Standards 16 “Leases” which include standards and interpretations promulgated by the Hong Kong Institute of Certified Public Accountants;
“Hong Kong”	the Hong Kong Special Administrative Region;

DEFINITIONS

“Independent Third Party(ies)”	the independent third party(ies) who is/are, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, independent of the Company and its connected person(s);
“Million Venture”	Million Venture Holdings Limited, a company incorporated in the British Virgin Islands with limited liability;
“Premises”	1st Floor and 2nd Floor of a warehouse situated at D.D. 107 Lot Nos. 475, 481 (part of), 482, 483 (part of) and the Remaining Portion of Lot No. 485, Fung Kat Heung, Yuen Long, New Territories, Hong Kong;
“Share(s)”	ordinary share(s) of HK\$0.01 each in the capital of the Company;
“Shareholder(s)”	holder(s) of the share(s) in the share capital of the Company;
“Term”	from 1 January 2021 to 31 December 2023 (both dates inclusive), being the term of the Lease Agreement;
“%”	per cent.

LETTER FROM THE BOARD



Janco Holdings Limited

駿高控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8035)

Executive Directors:

Mr. Ng Chin Hung
Mr. Cheng Tak Yuen
Mr. Chan Chun Sing
Mr. Tai King Fung

Registered office:

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

Independent non-executive Directors:

Mr. Lee Kwong Chak Bonnio
Mr. Pang Chung Fai Benny
Mr. Chan Fei Fei

*Head office and principal place
of business:*

Unit 1608, 16th Floor
Tower A, Manulife Financial Centre
No. 223 Wai Yip Street
Kwun Tong, Kowloon
Hong Kong

18 November 2020

To the Shareholders

Dear Sir or Madam

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

Reference is made to the Announcement.

The purpose of this circular is to provide you, among other things, further information in relation to the Lease Agreement. As disclosed in the Announcement, to the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, the Lessor is an Independent Third Party and no Shareholder or any of their respective associates have any material interest in the Lease Agreement, thus no Shareholder is required to abstain from voting if the Company were to convene an extraordinary general meeting for the approval of the Lease Agreement and the transaction contemplated thereunder. Pursuant to Rule 19.44 of the GEM Listing Rules, the Company has obtained written approval from Million Venture, being the Controlling Shareholder holding 75% of the issued share capital of the Company as at the date of the Lease Agreement and the Latest Practicable Date, for approving the Lease

LETTER FROM THE BOARD

Agreement and the transaction contemplated thereunder. Accordingly, no extraordinary general meeting will be convened to approve the Lease Agreement and the transaction contemplated thereunder.

THE LEASE AGREEMENT

On 6 October 2020, the Lease Agreement was entered into between 35plus Limited, an indirect wholly-owned subsidiary of the Company, as lessee and the Lessor as lessor in respect of the Premises for the Term of three years commencing from 1 January 2021 to 31 December 2023 (both dates inclusive), with an option to renew for a further term of three years commencing from 1 January 2024 to 31 December 2026 (both dates inclusive).

The principal terms of the Lease Agreement are as follows:

Parties	: (1) Harvest Hill (Hong Kong) Limited (溢峰(香港)有限公司), an Independent Third Party, as lessor; and (2) 35plus Limited, as lessee
Premises	: 1st Floor and 2nd Floor (approximately 125,300 sq.ft.) of a warehouse situated at D.D. 107 Lot Nos. 475, 481 (part of), 482, 483 (part of) and the Remaining Portion of Lot No. 485, Fung Kat Heung, Yuen Long, New Territories, Hong Kong
Term	: From 1 January 2021 to 31 December 2023 (both dates inclusive), with an option to renew for a further term of three years commencing from 1 January 2024 to 31 December 2026 (both dates inclusive)
Usage	: Logistics and storage
Rent	: The monthly rent is approximately HK\$1.4 million (inclusive of air-conditioning equipment fee and management fee). The aggregate rent for the three-year term (inclusive of air- conditioning equipment fee and management fee) payable under the Lease Agreement is approximately HK\$51.1 million, which will be satisfied by the internal resources of the Group
Payment term	: The rent (inclusive of air-conditioning equipment fee and management fee) shall be payable monthly in advance on the first day of each calendar month

LETTER FROM THE BOARD

- Deposit : The Deposit comprises:
- approximately HK\$1.4 million, representing one month of the rent (inclusive of air-conditioning equipment fee and management fee), which was payable upon signing of the Lease Agreement;
- approximately HK\$1.4 million, representing one month of rent (inclusive of air-conditioning equipment fee and management fee), which is payable on 1 December 2020; and
- The Company issuing a corporate guarantee in favour of the Lessor for a sum equal to one month of rent (inclusive of air-conditioning equipment fee and management fee) for the due and punctual performance of the Lease Agreement by the Lessee
- Option to renew : A further term of three years from 1 January 2024 to 31 December 2026 (both dates inclusive), exercisable by serving written notice by the Lessee to the Lessor six months prior to the end of the Term

THE RIGHT-OF-USE ASSET

The estimated value of the right-to-use asset recognised by the Company under the Lease Agreement amounted to approximately HK\$48.2 million, which is calculated with reference to the present value of the aggregated lease payments to be made under the Lease Agreement in accordance with HKFRS 16.

REASONS FOR AND BENEFITS OF ENTERING INTO THE LEASE AGREEMENT

The Group principally engages in logistics business and in its efforts to continue to expand its e-commerce and fulfillment business. In addition to the Group's core freight forwarding services, the Group strategically offers ancillary logistics services primarily at its warehouses in response to the rising demand from the Group's customers, which require customised value-added logistics services. The ancillary logistics services the Group offers include warehousing, repacking, labelling, palletising and local delivery within Hong Kong. The Group integrates its ancillary logistics services into its core freight forwarding services to strategically create a distinct corporate identity among its shipper customers. As disclosed in the 2020 interim report of the Group, the Group seeks to expand its e-commerce and fulfillment business and explore opportunities to expand its logistics business in Asia by locating different warehouses.

LETTER FROM THE BOARD

As the Group considers Hong Kong as its base, the Premises is a prime location for providing value-added logistics services arising from cross-border e-commerce traffic from overseas as well as outbound traffic from China to worldwide. The utilisation of the Premises is expected to enhance the Group's logistics capability and strengthen its last mile delivery transit time.

In addition, the adjacent traffic of the Premises allows the Group's logistics fleet to easily gain access to and location of the Premises is well suited for warehouse and storage purpose and provision of value-added logistics services. The Premises will replace one of our existing warehouses, the term of which will be expired in December 2020.

The terms of the Lease Agreement, including the rent (inclusive of air-conditioning equipment fee and management fee), were determined after arm's length negotiations between the Parties and with reference to the open market rate of comparable properties. The entering into of the Lease Agreement is necessary for the operation of the businesses of the Group and is in the ordinary and usual course of business of the Group. Therefore, the Directors, including the independent non-executive Directors, considered that the terms of the Lease Agreement are on normal commercial terms and are fair and reasonable and the entering into of the Lease Agreement is in the interests of the Company and its Shareholders as a whole.

INFORMATION OF THE PARTIES

The Group principally engages in the provision of air and ocean freight forwarding services and ancillary logistics services which include e-commerce and fulfillment services for cross border e-commerce traffic from overseas as well as outbound traffic from China to worldwide.

The Lessor principally engages in warehouse management, and to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Lessor is beneficially owned by Law Hoi Man (羅凱汶) and Law Wai Sing (羅偉成), and the Lessor and its ultimate beneficial owners are Independent Third Parties.

EFFECTS OF THE LEASE AGREEMENT ON THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE GROUP

In accordance with HKFRS 16, the estimated value of the right-of-use asset recognised by the Group under the Lease Agreement amounted to approximately HK\$48.2 million which is calculated with reference to the present value of the aggregated lease payments to be made. The Group will depreciate the right-of-use assets over the estimated useful life of 37 months on a straight line-basis and a monthly depreciation amounting to approximately HK\$1.3 million will be charged to the consolidated statement of profit or loss. Lease liabilities amounting to approximately HK\$48.2 million is recognised by the Group in the consolidated statement of financial position and will decrease upon the settlement of lease payments to the landlord accordingly. There would be no change in net assets on the consolidated statement of financial position of the Group immediately after the entering into the Lease Agreement.

LETTER FROM THE BOARD

FINANCIAL AND BUSINESS PROSPECT OF THE GROUP

As disclosed in the 2019 annual report of the Company, the Company will continue to expand the e-commerce business to capture the growing opportunities arising from the increasing demand derived from the increasing e-commerce volume to the United States, other European countries and cross-border logistics activities, and will expand the e-commerce and fulfillment services for cross border e-commerce traffic from overseas as well as outbound traffic from China to worldwide. As disclosed in the 2020 interim report of the Group, the Group seeks to expand its e-commerce and fulfillment business and opportunities to expand its logistics business in Asia by locating different warehouses.

The Group strategically offers ancillary logistics services primarily at the Group's warehouses in Hong Kong in response to the rising demand from the Group's customers, which require customised value-added logistics services. The ancillary logistics services the Group offers include warehousing, repacking, labelling, palletising and local delivery within Hong Kong. The Group integrates its ancillary logistics services into its core freight forwarding services to strategically create a distinct corporate identity among its shipper customers.

The Premises currently leased by the Group is a prime location for providing value-added logistics services arising from cross-border e-commerce traffic from overseas as well as outbound traffic from China to worldwide. The Board is of the view that the utilisation of the Premises will enhance the Group's logistics capability and strengthen its last mile delivery transit time.

GEM LISTING RULES IMPLICATION

Pursuant to HKFRS 16, the entering into of the Lease Agreement as lessee requires the Group to recognise the Premises as right-of-use asset in its consolidated financial statements. Such transaction is regarded as acquisition of asset for the purpose of the GEM Listing Rules. The estimated value of right-of-use asset recognised by the Company under the Lease Agreement amount to approximately HK\$48.2 million.

As the highest applicable percentage ratio as defined under the GEM Listing Rules in respect of the acquisition of right-of-use asset recognised by the Group pursuant to HKFRS 16 based on the consideration under the Lease Agreement is more than 25% but less than 100%, the entering into of the Lease Agreement constituted a major transaction of the Company and is subject to the notification, announcement, circular and shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

WRITTEN SHAREHOLDERS' APPROVAL

Pursuant to Rule 19.44 of the GEM Listing Rules, written Shareholders' approval may be accepted in lieu of holding a general meeting if (i) no Shareholder will be required to abstain from voting at a general meeting of the Company for approving the Lease Agreement and the transaction contemplated thereunder; and (ii) the written shareholders' approval has been obtained from a shareholder or a closely allied group of shareholders who together hold more than 50% of the voting rights at that general meeting to approve the Lease Agreement and the transaction contemplated thereunder.

LETTER FROM THE BOARD

The Directors confirm that, to the best of their knowledge, information and belief after having made all reasonable enquiries, the Lessor is an Independent Third Party and no Shareholder or any of their respective associates have any material interest in the Lease Agreement, thus no Shareholder is required to abstain from voting if the Company were to convene an extraordinary general meeting for the approval of the Lease Agreement and the transaction contemplated thereunder. Pursuant to Rule 19.44 of the GEM Listing Rules, the Company has obtained written approval from Million Venture, which holds 450,000,000 shares of the Company (representing 75% of the total issued share capital of the Company as at the date of the Lease Agreement and the Latest Practicable Date), for approving the Lease Agreement and the transaction contemplated thereunder. Accordingly, no extraordinary general meeting will be convened to approve the Lease Agreement and the transaction contemplated thereunder.

RECOMMENDATION

The Directors (including the independent non-executive Directors) considered that the entering into of the Lease Agreement, the terms of the Lease Agreement and the transaction contemplated thereunder were fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Although a general meeting will not be convened by the Company to approve the Lease Agreement, if such a general meeting were to be convened by the Company, the Board would recommend the Shareholders to vote in favour of the resolutions to approve the Lease Agreement.

GENERAL

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

Yours faithfully
By order of the Board
Janco Holdings Limited
Ng Chin Hung
Chairman

1. FINANCIAL INFORMATION OF THE GROUP

The Company is required to set out in this circular the financial information for the last three financial years with respect to the profits and losses, financial record and position, as a comparative table and the latest published audited statement of financial position together with the notes on the annual accounts for the last financial year for the Group.

The financial information of the Group for the 6 months ended 30 June 2020 is disclosed in the interim report of the Company from pages 4 to 16 which was published on 13 August 2020 on the website of the GEM at www.hkgem.hk and the website of the Company at www.jancofreight.com.

The audited consolidated financial statements of the Group for the year ended 31 December 2019 are set out in pages 53 to 102 of the annual report 2019 of the Company which was published on 30 March 2020 on the website of the GEM at www.hkgem.hk and the website of the Company at www.jancofreight.com.

The audited consolidated financial statements of the Group for the year ended 31 December 2018 are set out in pages 55 to 100 of the annual report 2018 of the Company which was published on 8 November 2019 on the website of the GEM at www.hkgem.hk and the website of the Company at www.jancofreight.com.

The audited consolidated financial statements of the Group for the year ended 31 December 2017 are set out in pages 48 to 100 of the annual report 2017 of the Company which was published on 27 March 2018 on the website of the GEM at www.hkgem.hk and the website of the Company at www.jancofreight.com.

2. STATEMENT OF INDEBTEDNESS

As at the close of business of 30 September 2020, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had the following indebtedness:

Lease liabilities

As at 30 September 2020, the Group had a total lease liabilities of approximately HK\$35.3 million, representing present value of the remaining lease payments for certain premises, warehouses and motor vehicles, discounted by the Group's incremental borrowings rate under HKFRS 16.

Amounts due to Shareholders

As at 30 September 2020, the amounts due to Shareholders by the Group was approximately HK\$6.4 million. The amount due to the Controlling Shareholder is unsecured, interest-free and no fixed repayment terms.

Bank borrowings and overdrafts

As at 30 September 2020, the Group had a total bank borrowings and overdrafts of approximately HK\$144.7 million.

Pledge deposits

As at 30 September 2020, the Group has pledged its bank deposits and deposits placed in life insurance policies to a bank for an amount of approximately HK\$17.4 million and approximately HK\$112.3 million respectively to secure the general banking facilities granted to the Group with an outstanding amount of bank borrowings of approximately HK\$144.7 million.

Contingent liabilities

The Group had no material contingent liabilities as at 30 September 2020.

Disclaimers

Save as disclosed above or otherwise disclosed herein, and apart from intra-group liabilities and normal trade payables in the normal course of business, as at the close of business on 30 September 2020, 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 issued and outstanding, and authorised or otherwise created but unissued, bank overdrafts, charges or debentures, mortgages, loans or other similar indebtedness or any finance lease commitments, hire purchase commitments, liabilities under acceptances (other than normal trade bills), acceptance credits or any guarantees.

The Directors have confirmed that there have been no material changes in the indebtedness and contingent liabilities of the Group since 30 September 2020.

3. WORKING CAPITAL

The Directors are of the opinion that, after taking into account the financial resources, including the credit facilities and other borrowings available to the Group and its internally generated funds, and considering the effect of the Lease Agreement, the Group has sufficient working capital for its present requirement for at least the next 12 months from the date of publication of this circular in absence of unforeseen circumstances.

4. MATERIAL ADVERSE CHANGES

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2019, being the date to which the latest published audited financial statements of the Company were made up.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Group. 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 aspects 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

As at the Latest Practicable Date, the interests or short positions of the Directors or the chief executive of the Company in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (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 required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the “**Model Code**”), were as follows:

Long position in the Shares

Name of director	Nature of interest	Number of Shares	Approximate percentage of issued share capital of the Company
Mr. Tai King Fung	Beneficial owner	100,000	0.02%

Long position in the underlying shares of equity derivatives of the Company

Under the share option scheme of the Company adopted on 23 September 2016, share options were granted to the following Directors which entitled them to subscribe for the Shares. Details of the share options of the Company held by them as at the Latest Practicable Date were as follows:

Name of Director	Capacity/Nature of interest	Date of grant	Exercise period	Number of Shares over which options are exercisable as at the Latest Practicable Date	Exercise price per Share (HK\$)	Approximate percentage of interest in the issued Shares as at the Latest Practicable Date
Mr. Ng Chin Hung	Beneficial owner	24 June 2020	24 June 2020 to 23 June 2030	3,000,000	0.2066	0.5%
Mr. Cheng Tak Yuen	Beneficial owner	24 June 2020	24 June 2020 to 23 June 2030	1,500,000	0.2066	0.25%
Total:				<u>4,500,000</u>		<u>0.75%</u>

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or the chief executive of the Company had any interest or a short position in the Shares, the 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/or short positions which are taken or deemed to have under such provisions of the SFO); or (ii) which were required to be recorded in the register required to be kept by the Company under section 352 of the SFO; or (iii) which were otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

(b) Substantial shareholders' interest and short positions in Shares, underlying Shares and debentures of the Company

As at the Latest Practicable Date, so far as the Directors are aware, the following persons (other than the Directors or chief executive of the Company) had or deemed or taken to have an interest or short position in the Shares, the underlying Shares or debentures of the Company which would fall to be disclosed to the Company under the provisions Divisions 2 and 3 of Part XV of the SFO, or, who which were required to be recorded in the register of interests required to be kept by the Company under section 336 of the SFO:

Long position in the Shares

Name of shareholder	Nature of interest/ capacity	Number of Shares held	Approximate percentage of shareholding
Million Venture	Beneficial owner	450,000,000	75%
Mr. Cheng Hon Yat	Interest in controlled corporation (<i>Note 2</i>)	450,000,000 (L)	75%
Ms. Tai Choi Wan, Noel	Interest of spouse (<i>Note 3</i>)	450,000,000 (L)	75%

Notes:

1. These Shares are held by Million Venture, which is wholly-owned by Mr. Cheng Hon Yat. By virtue of the SFO, Mr. Cheng Hon Yat is deemed to be interested in the Shares held by Million Venture.
2. Ms. Tai Choi Wan, Noel is the spouse of Mr. Cheng Hon Yat and is deemed to be interested in the Shares in which Mr. Cheng Hon Yat is interested under the SFO.

Save as disclosed above, as at the Latest Practicable Date, the Company has not been notified of any other persons (other than the Directors or the chief executive of the Company) or entities who had or deemed or taken to have an interest or a short position in the Shares, the underlying shares of the Company or the debentures of the Company which would fall to be disclosed to the Company under the provisions Divisions 2 and 3 of Part XV of the SFO, or, which were required to be recorded in the register of interests required to be kept by the Company under section 336 of the SFO.

3. DIRECTORS' INTEREST IN COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors and their respective associates (has the meaning ascribed to it under the GEM Listing Rules) was considered to have interested in business apart from the Group's businesses which competed, or might compete, either directly or indirectly, with the businesses of the Group pursuant to the GEM Listing Rules.

4. DIRECTORS' INTERESTS IN ASSETS

As at the Latest Practicable Date, none of the Directors had any interest, either directly or indirectly, in any assets which has since 31 December 2019 (being the date to which the latest published audited consolidated financial statements of the Group were made up) up to the Latest Practicable Date, 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.

5. DIRECTORS' SERVICE CONTRACTS

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

6. DIRECTORS' INTERESTS IN CONTRACT

As at the Latest Practicable Date, none of the Directors was materially interested, directly or indirectly, in any contract or arrangement entered into by any member of the Group subsisting at the Latest Practicable Date and which was significant in relation to the business of the Group.

7. MATERIAL CONTRACTS

No contracts outside the ordinary course of business carried on by the Group had been entered into by the Group within the two years immediately preceding the date of this circular and up to the Latest Practicable Date which are or may be material.

8. LITIGATION

As at the Latest Practicable Date, (i) a subsidiary of the Company was a plaintiff in the legal proceedings with a customer in the People's Republic of China for recovery of trade receivables of approximately HK\$7.4 million and (ii) a subsidiary of the Company was a defendant in a civil case with a service provider of the Group in Hong Kong for a debt recovery case of approximately HK\$490,000. As at the Latest Practicable Date, the aforesaid legal proceedings were still in progress.

Save as disclosed above, no member of the Group was engaged in any litigation or claims of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

9. GENERAL

- (a) The secretary of the Company is Mr. Chan Chun Sing, who is a certified public accountant of the Hong Kong Institute of Certified Public Accountants.
- (b) The compliance officer of the Company is Mr. Ng Chin Hung, who is the chairman, chief executive officer and executive Director of the Company.

- (c) The registered office of the Company in Cayman Islands is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The head office and the principal place of business of the Company in Hong Kong is at Unit 1608, 16th Floor, Tower A, Manulife Financial Centre, No. 223 Wai Yip Street, Kwun Tong, Kowloon, Hong Kong.
- (d) The principal share registrar of the Company in Cayman Islands is Codan Trust Company (Cayman) Limited at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The branch share registrar of the Company in Hong Kong is Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (e) The audit committee of the Company was established on 23 September 2016 with written terms of reference in accordance with Rule 5.28 of the GEM Listing Rules and in compliance with paragraph C.3 of the Corporate Governance Code as set out in Appendix 15 to the GEM Listing Rules. The primary duties of the Audit Committee are, among other things, to make recommendations to the Board on the appointment, re-appointment and removal of external auditor and to review and supervise the financial reporting process and internal control and risk management systems of the Group. The audit committee currently consists of all the independent non-executive Directors, namely Mr. Lee Kwong Chak, Bonnio ("**Mr. Lee**"), Mr. Pang Chung Fai, Benny ("**Mr. Pang**") and Mr. Chan Fei Fei ("**Mr. Chan**"). Mr. Lee is the chairman of the audit committee.

Mr. Lee, aged 57, was appointed as an independent non-executive director on 27 September 2019. Mr. Lee is currently the director and the founder of Keystones Investment Limited and was the deputy chief financial officer of Cargo Services Far East Limited, the director of Asia operating costs and controls in the group companies of TTM Technologies, Inc, the common stock of which is listed on NASDAQ (stock code: TTMI), the financial director of Shakespeare (Hong Kong) Limited, a Hong Kong subsidiary of Jarden Corporation, a company listed on the New York Stock Exchange (stock code: JAH). Mr. Lee held senior position at international accounting firm. Mr. Lee obtained a master's degree of business administration (a distance learning course) at Deakin University of Australia and was awarded a bachelor of commerce (accounting) from Macquarie University of Australia. He is a member of the Hong Kong Institute of Certified Public Accountants and a member of CPA Australia.

Mr. Pang, aged 47, was appointed as an independent non-executive director on 27 September 2019. Mr. Pang is currently the non-executive director of Huabang Financial Holdings Limited (stock code: 3638). He is also the independent non-executive director of Sanbase Corporation Limited (stock code: 8501), and the independent non-executive director of Yuanda China Holdings Limited (stock code: 2789). Mr. Pang received his bachelor's degree in laws (honors) from Bond University, Australia and obtained his Graduate Diploma in Legal Practice and master's degree in laws from The College of Law, Sydney and the University of New

South Wales, Australia, respectively. Mr. Pang practised as a lawyer with several international law firms in Hong Kong and Sydney. He is a member of both the Law Society of New South Wales, Australia and the Law Society of Hong Kong.

Mr. Chan, aged 38, was appointed as an independent non-executive director on 27 September 2019. Mr. Chan is currently the company secretary and financial controller of Reach New Holdings Limited (stock code: 8471). He held senior position at international accounting firm. Mr. Chan obtained a bachelor's degree of arts in accountancy and is a certified public accountant of the Hong Kong Institute of Certified Public Accountants.

- (f) Should there be any inconsistencies between the English text and the Chinese text of the circular, the English text of this circular shall prevail over the Chinese text.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at Unit 1608, 16th Floor, Tower A, Manulife Financial Centre, No. 223 Wai Yip Street, Kwun Tong, Kowloon, Hong Kong during normal business hours from 9:30 a.m. to 12:00 p.m. and 2:00 p.m. to 5:30 p.m. on any weekday (except Saturdays and public holidays) for a period of 14 days from the date of this circular:

- (a) The Lease Agreement;
- (b) the memorandum and articles of association of the Company;
- (c) the annual reports of the Company for the two years ended 31 December 2018 and 2019;
- (d) the interim report of the Company for the six months ended 30 June 2020; and
- (e) this circular.