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

If you have sold or transferred all your shares in the Company, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or other transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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Liu Chong Hing Investment Limited

(Incorporated in Hong Kong with limited liability)

(Stock code: 00194)

RE-ELECTION OF DIRECTORS, GENERAL MANDATES FOR THE BUY-BACK AND ISSUE OF SHARES

A letter from the Chairman of Liu Chong Hing Investment Limited is set out on pages 5 to 8 of this circular. A notice convening the Annual General Meeting (“AGM”) of Liu Chong Hing Investment Limited to be held at 27th Floor, Chong Hing Bank Centre, 24 Des Voeux Road Central, Hong Kong at 11:00 a.m. on Thursday, 25 May 2023 was enclosed within the Company’s 2022 Annual Report.

The AGM will be held in a hybrid format which includes an online meeting and a physical meeting. Shareholders entitled to attend and vote at the AGM are allowed to join by way of electronic means pursuant to Article 69 of the Articles of Association of the Company. Seating at the AGM venue in Chong Hing Bank Centre will be in limited capacity and the Company may limit the number of attendees at the AGM as may be necessary to avoid over-crowding. No gifts, food or beverages will be provided at the AGM. Shareholders should refer to “Guidance Notes for the Annual General Meeting” for details.

A form of proxy for use at the AGM is also enclosed. The form of proxy is also published on the website of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and on the website of the Company (www.lchi.com.hk).

Whether you are able to attend the AGM or not, you are requested to complete and return the enclosed proxy form in accordance with the instructions printed thereon at least 48 hours (excluding any part of a day that is a public holiday) before the time appointed for holding the AGM (or any adjournment thereof). Submission of a proxy form shall not preclude you from attending and voting at the AGM (or any adjournment thereof) and voting in person should you so desire.

14 April 2023

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GUIDANCE NOTES FOR THE ANNUAL GENERAL MEETING

GUIDANCE NOTES FOR THE ANNUAL GENERAL MEETING

2023 AGM will be held in a hybrid format which includes an online meeting and a physical meeting.

Attending the AGM by electronic means (“Online AGM”)

Shareholders entitled to attend and vote at the AGM are allowed to join by way of electronic means pursuant to Article 69 of the Articles of Association of the Company.

Both Registered Shareholders and Non-registered Shareholders can (i) attend the Online AGM and vote by way of electronic means; or (ii) exercise their right to vote at the Online AGM by appointing their own proxy or the Company’s designated proxy(ies), to act as their proxy.

By logging in the dedicated online platform <http://meetings.computershare.com/LchiAGM2023> (the “**Platform**”), Shareholders will be able to view a live webcast of the Online AGM, submit questions, and cast vote in real-time.

Login Period

The Platform will be opened for Registered Shareholders and Non-registered Shareholders to login 45 minutes prior to the commencement of the Online AGM. The Platform can be accessed from any location with internet connection by a smart phone, tablet device, or computer.

Shareholders should allow ample time to login to the Platform to complete the related procedures and remain logged in until the commencement of and during the Online AGM. The “Online Meeting User Guide” will be available on the Company’s website www.lchi.com.hk around one week before the Online AGM to guide Shareholders through the login process.

Login details for Registered Shareholders

Login details for joining the Online AGM will be sent together with this circular.

Login details for Non-registered Shareholders

Non-registered Shareholders who wish to attend and vote at the Online AGM should (1) contact and instruct their banks, brokers, custodians, nominees or HKSCC Nominee Limited through which their shares are held (together, the “**Intermediary**”) to appoint themselves as proxy or corporate representative to attend the Online AGM, and (2) provide their email address to their Intermediary before the time limit required by the relevant Intermediary. Login details to access the Platform will be sent by Computershare to the email address of the Non-registered Shareholders provided by the Intermediary. Any Non-registered Shareholder who has provided an email address through the relevant Intermediary for this purpose but has not received the login details by email by 12 p.m. on Wednesday, May 24, 2023 should reach out to Computershare for assistance. Without the login details, Non-registered Shareholders would not be able to attend and vote using the Platform. Non-registered Shareholders should therefore give clear and specific instructions to their Intermediary in respect of both (1) and (2) above.

GUIDANCE NOTES FOR THE ANNUAL GENERAL MEETING

Registered and Non-registered Shareholders should note that only one device is allowed per login. Please also keep the login details in safe custody for use at the Online AGM and do not disclose them to anyone else. Neither the Company nor its agents assume any obligation or liability whatsoever in connection with the transmission of the login details or any use of the login details for voting or otherwise.

For enquiries regarding the login details to access the Online AGM, please call Computershare at (852) 2862 8555 for assistance.

Voting by proxy in advance of the Online AGM

Shareholders are encouraged to submit their completed proxy forms well in advance of the Online AGM. Return of a completed proxy form will not preclude Shareholders from attending and voting at the Online AGM (or any adjournment thereof) should they subsequently so wish.

Attending the AGM in person

Seating at the AGM venue in Chong Hing Bank Centre will be in limited capacity and the Company may limit the number of attendees at the AGM as may be necessary to avoid overcrowding.

No gifts, food or beverages will be provided at the AGM.

Submission of proxy forms for Registered Shareholders

A proxy form is enclosed with this circular. A copy of the proxy form can also be downloaded from the websites of the Company at www.lchi.com.hk and The Stock Exchange of Hong Kong Limited at www.hkexnews.hk. Proxy form must be completed, signed and deposited either at the Company's Share Registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong or via email to lchi.eproxy@computershare.com.hk, in each case, not less than 48 hours.

Appointment of proxy for Non-registered Shareholders

Non-registered Shareholders should contact their Intermediary as soon as possible for assistance in the appointment of proxy.

If Shareholders have any enquiries pertaining to the arrangements for the AGM, or the registration process, please contact the Company's Share Registrar, Computershare Hong Kong Investor Services Limited as follows:

Computershare Hong Kong Investor Services Limited

17M Floor, Hopewell Centre 183 Queen's Road East Wanchai

Hong Kong

Telephone: +852 2862 8555

Facsimile: +852 2865 0990

Website: www.computershare.com/hk/contact

DEFINITIONS

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

“AGM” or “Online AGM”	means the annual general meeting of the Company to be convened and held at 27th Floor, Chong Hing Bank Centre, 24 Des Voeux Road Central, Hong Kong at 11:00 a.m. on Thursday, 25 May 2023;
“AGM Notice”	means the notice of the AGM set out on pages 141 to 148 of the Company’s 2022 Annual Report, for the Shareholders to consider, and if thought fit, to approve resolutions including but not limited to the general mandates to issue and buy back Shares;
“Articles of Association”	means the articles of association adopted by the Company, and as amended from time to time by resolution of the Shareholders;
“Board”	means the board of Directors or a duly authorised committee thereof;
“Buy-back Mandate”	means the proposed mandate to the Directors to buy back Shares pursuant to Ordinary Resolution No. 6 as set out in the AGM Notice in its present or any amended form;
“close associate”	shall have the meaning ascribed to it under the Listing Rules;
“Company”	means Liu Chong Hing Investment Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange;
“Core Connected Persons”	shall have the meaning ascribed to it under the Listing Rules;
“Directors”	means the directors (including Non-executive Director and Independent Non-executive Directors) of the Company;
“Group”	means the Company and its Subsidiaries for the time being;
“Hong Kong”	means the Hong Kong Special Administrative Region of the People’s Republic of China;
“Latest Practicable Date”	means 30 March 2023, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein;
“Listing Rules”	means Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;

DEFINITIONS

“Ordinary Resolution(s)”	means the proposed ordinary resolution(s) as referred to in the AGM Notice;
“Share(s)”	means ordinary share(s) in the Company;
“Share Issue Mandate”	means the proposed mandate to the Directors to issue Shares pursuant to Ordinary Resolution No. 7 as set out in the AGM Notice in its present or any amended form;
“Shareholder(s)”	means holder(s) of Share(s);
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited;
“Subsidiary”	means a subsidiary within the meaning of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) for the time being of the Company;
“Takeovers Code”	means The Codes on Takeovers and Mergers and Share Buy-backs;
“HK\$”	means Hong Kong dollars, the lawful currency of Hong Kong; and
“%”	means per cent.



Liu Chong Hing Investment Limited

(Incorporated in Hong Kong with limited liability)

(Stock code: 00194)

Executive Directors:

Mr. Liu Lit Chi (*Chairman, Managing Director
and Chief Executive Officer*)
Mr. Liu Kam Fai, Winston (*Deputy Managing Director*)
Mr. Lee Wai Hung

Registered Office:

23/F, Chong Hing Bank Centre,
24 Des Voeux Road Central,
Hong Kong

Non-executive Director:

Mr. Kho Eng Tjoan, Christopher BES, M. Arch, HKIA, RIBA,
ARAI, MRAIC, Assoc. AIA, Registered Architect, A.P. (Architect), MHKIoD

Independent Non-executive Directors:

Dr. The Hon. Cheng Mo Chi, Moses, GBM, GBS, OBE, LLB (HK), J.P.
Mr. Au Kam Yuen, Arthur
Dr. Ma Hung Ming, John, PhD, BBS, J.P.
Mr. Cheng Yuk Wo, MSc (Econ), BA (Hons),
CPA (Canada), CA, FCA, FCPA, CPA (Practising)
Mr. Tong Tsun Sum, Eric, CA (Aust), CPA (Practising), CFE

Hong Kong, 14 April 2023

To the Shareholders

Dear Sir or Madam,

RE-ELECTION OF DIRECTORS, GENERAL MANDATES FOR THE BUY-BACK AND ISSUE OF SHARES

INTRODUCTION

At the AGM, resolutions will be proposed:

- (a) that certain Directors, who shall retire in accordance with the Articles of Association and (being eligible) offer themselves for re-election, be re-elected as Directors of the Company; and
- (b) that the Directors be given the Buy-back Mandate and Share Issue Mandate.

The purpose of this circular is to provide you with the information necessary to enable you as Shareholders to make an informed decision on whether to vote for and/or against the proposed resolutions relating to such matters at the AGM.

LETTER FROM THE CHAIRMAN

RE-ELECTION OF DIRECTORS

The Board currently consists of 9 members, namely:

the following Executive Directors:

- (a) Mr. Liu Lit Chi (*Chairman, Managing Director and Chief Executive Officer*)
- (b) Mr. Liu Kam Fai, Winston (*Deputy Managing Director*)
- (c) Mr. Lee Wai Hung

the following Non-executive Director:

- (d) Mr. Kho Eng Tjoan, Christopher

and the following Independent Non-executive Directors:

- (e) Dr. The Hon. Cheng Mo Chi, Moses
- (f) Mr. Au Kam Yuen, Arthur
- (g) Dr. Ma Hung Ming, John
- (h) Mr. Cheng Yuk Wo
- (i) Mr. Tong Tsun Sum, Eric

In accordance with Articles 105 & 106 of the Articles of Association, Mr. Kho Eng Tjoan, Christopher and Mr. Cheng Yuk Wo shall retire at the conclusion of the AGM and, being eligible, will offer themselves for re-election.

Biographical and other details of the above retiring and re-electing Directors are set out in Appendix 1 to this circular. At the AGM, separate Ordinary Resolutions will be proposed to approve their re-election.

GENERAL MANDATE TO BUY-BACK SHARES

At the annual general meeting of the Company held on 19 May 2022, a general mandate was granted to the Directors to exercise the powers of the Company to buy-back Shares not exceeding 10% of the aggregate number of issued shares of the Company as at the date of the passing of the resolution granting such general mandate (equivalent to 37,858,344 Shares). Such general mandate will lapse at the conclusion of the AGM.

To provide continued flexibility to the Directors, an Ordinary Resolution will be proposed at the AGM for the granting of the Buy-back Mandate to the Directors, on terms as set out in Ordinary Resolution No. 6 in the AGM Notice, allowing them to exercise all powers of the Company to buy back its Shares. Under the Buy-back Mandate, the number of Shares that the Company may buy back shall not exceed 10% of the aggregate number of issued shares of the Company as at the date of passing such Ordinary Resolution.

In connection with the Buy-back Mandate, the Company's authority shall be restricted to buy back made on the Stock Exchange. The Buy-back Mandate allows the Company to make buy-backs only during the period ending on the earliest of (i) the conclusion of the Company's next annual general meeting, (ii) the date by which the Company's next annual general meeting

LETTER FROM THE CHAIRMAN

is required by any applicable law or the Articles of Association to be held, or (iii) the date upon which such mandate is revoked or varied by an ordinary resolution of shareholders of the Company in general meeting.

An explanatory statement setting out the requisite information regarding the Buy-back Mandate, as required under the Listing Rules, is set out in Appendix 2 to this circular.

GENERAL MANDATE TO ISSUE SHARES

At the annual general meeting of the Company held on 19 May 2022, a general mandate was granted to the Directors to exercise the powers of the Company to issue, allot and deal with such number of Shares not exceeding 20% of the aggregate number of the issued shares of the Company as at the date of the passing of the resolution granting such general mandate (equivalent to 75,716,688 Shares), and such general mandate was extended by adding to it the aggregate number of Shares bought back by the Company under the general mandate to buy back Shares granted to the Directors on the same date. Such general mandate to issue, allot and deal with Shares will also lapse at the conclusion of the AGM.

To provide continued flexibility to the Directors, an Ordinary Resolution will also be proposed at the AGM for the granting of the Share Issue Mandate to the Directors, on terms as set out in Ordinary Resolution No. 7 in the AGM Notice, allowing them to exercise all powers of the Company to issue, allot and deal with its Shares. Under the Share Issue Mandate, the number of Shares that the Company may issue, allot or deal with shall not exceed 20% of the aggregate number of issued shares of the Company as at the date of passing such Ordinary Resolution.

In addition, an Ordinary Resolution will also be proposed at the AGM to extend the Share Issue Mandate, on terms as set out in Ordinary Resolution No. 8 in the AGM Notice, by adding to it the number of Shares that may be bought back under the Buy-back Mandate.

In connection with the Share Issue Mandate, the exercise of the Company's authority shall also be restricted to the period ending on the earliest of (i) the conclusion of the Company's next annual general meeting, (ii) the date by which the Company's next annual general meeting is required by any applicable law or the Articles of Association to be held, or (iii) the date upon which such mandate is revoked or varied by an ordinary resolution of shareholders of the Company in general meeting.

ANNUAL GENERAL MEETING

The AGM Notice setting out, inter alia, the Ordinary Resolutions to grant the Buy-back Mandate, the Share Issue Mandate and the proposed extension of the Share Issue Mandate is enclosed within the Company's 2022 Annual Report. Shareholders of the Company are advised to read the AGM Notice and to complete and return the form of proxy which can be downloaded from the website of HKEXnews (www.hkexnews.hk) and the Company (www.lchi.com.hk) for use at the AGM in accordance with the instructions printed thereon and deposit the same with the Company's Share Registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong

LETTER FROM THE CHAIRMAN

Kong, not less than 48 hours before the time appointed for holding the AGM or any adjourned meeting. The return of the form of proxy will not preclude a Shareholder from attending and voting in person at the AGM should he/she so wishes.

VOTING AT ANNUAL GENERAL MEETING

In accordance with the relevant requirements under the Listing Rules, the Chairman would direct that each of the resolutions set out in the AGM Notice be voted on by poll.

As at the Latest Practicable Date, and to the best knowledge, belief and information of the Directors having made all reasonable enquiries, no Shareholder is required under the Listing Rules to abstain from voting on the resolution at the AGM.

RECOMMENDATION

The Directors believe that the re-election of the relevant Directors, the granting of the Buy-back Mandate, the Share Issue Mandate and the proposed extension of Share Issue Mandate are in the interests of the Company as well as its Shareholders. Accordingly, the Directors recommend shareholders of the Company to vote in favour of all the resolutions at the AGM.

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.

By order of the Board

Liu Chong Hing Investment Limited

LIU LIT CHI

Chairman, Managing Director and Chief Executive Officer

Biographical and other details about the retiring directors who are proposed to be re-elected at the AGM are as follows:

Mr. Kho Eng Tjoan, Christopher, aged 60, served as Non-executive Director of the Company since May 2011 and he is now serving as a member of Remuneration Committee and Nomination Committee of the Company. Mr. Kho holds a Bachelor of Environmental Studies degree on Urban and Regional Planning and a Master of Architecture degree. He is an Authorized Person under the Buildings Ordinance, a Registered Architect under the Architects Registration Ordinance, a member of the Hong Kong Institute of Architects, a corporate member of Royal Institute of British Architects, an associate member of Royal Australian Institute of Architects, a member of Royal Architectural Institute of Canada and an associate member of American Institute of Architects. Mr. Kho was an Executive Committee of the University of Waterloo Alumni Association and a Committee Member of the University of Manitoba Alumni Association from 1989 to 1990. During the year from 1997 to 2003, he was a Director and Council Member of the Wah Yan (Hong Kong) Past Students Association Limited. Mr. Kho is also a Committee Member of the Professional Committee of the Hong Kong Federation of Fujian Associations since 2009. Furthermore, Mr. Kho is appointed as an Executive Committee Member of Hong Kong Fukien Chamber of Commerce and Director of Hong Kong Fukien Chamber of Commerce Education Fund Limited in 2017.

Save as disclosed above, Mr. Kho did not hold any directorship in any other public listed company in the last three years and does not have other major appointments and professional qualifications. Other than that mentioned above, Mr. Kho does not hold any position in the Company or any of its subsidiaries and does not have any relationship with any director, senior management or substantial or controlling shareholder of the Company. As at the Latest Practicable Date, Mr. Kho does not have any interest (or any short position) in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). Mr. Kho will enter into a 3-year Director's service contract with the Company commencing from 25 May 2023. Mr. Kho will be subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Articles of Association of the Company.

As an Non-executive Director of the Company, Mr. Kho will receive a Director's fee of HK\$300,000 per year which is determined by the Board with reference to his duties and responsibilities and approved by the Company in general meeting by ordinary resolution under the Articles of Association of the Company. Save as disclosed above, (i) there are no other matters that need to be brought to the attention of the Company's shareholders; and (ii) there is no other information to be disclosed pursuant to the requirements provided for in Rule 13.51(2)(h) to (v) of the Listing Rules.

Mr. Cheng Yuk Wo, aged 62, was appointed as Independent Non-executive Director of the Company on 7 March 2014 and he is now serving as the Chairman of the Audit Committee, and a member of the Remuneration Committee and Nomination Committee of the Company. Mr. Cheng obtained a Master of Science (Economics) degree in Accounting and Finance from London School of Economics, England and a Bachelor of Arts (Honours) degree in Accounting from University of Kent, England. He is a Fellow of the Institute of Chartered Accountants in England and Wales, the Hong Kong Institute of Certified Public Accountants, the Chartered Professional Accountants of Canada and the Institute of Chartered Accountants of Ontario, Canada. Mr. Cheng has over 20 years' of expertise in accounting, finance and corporate advisory services. Mr. Cheng is currently an Independent Non-executive Director of Chia Tai Enterprises International Limited, CSI Properties Limited, CPMC Holdings Limited, Top Spring International Holdings Limited, Miricor Enterprises Holdings Limited, Somerley Capital Holdings Limited, Kidsland International Holdings Limited and China Renewable Energy Investment Limited (appointed on 1 January 2022) all of the abovementioned companies are listed on the Stock Exchange. Mr. Cheng was also an Independent Non-Executive Director of Chong Hing Bank Limited, HKC (Holdings) Limited and C.P. Pokphand Co. Limited, companies formerly listed on the Stock Exchange which were privatised on 30 September 2021, 9 June 2021 and 18 January 2022 respectively.

Save as disclosed above, Mr. Cheng has not held any directorship in any other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years and does not have other major appointments and professional qualifications. Other than that mentioned above, Mr. Cheng does not hold any position in the Company or any of its subsidiaries and does not have any relationship with any director, senior management or substantial or controlling shareholder of the Company. As at the Latest Practicable Date, Mr. Cheng does not have any interest (or any short position) in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). Mr. Cheng will enter into a 3-year Director's service contract with the Company commencing from 25 May 2023. Mr. Cheng will be subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Articles of Association of the Company.

The nomination committee ("Nomination Committee") of the Board has recommended the re-election of Mr. Cheng to the Board, after reviewing the professional qualifications, skills, knowledge, relevant experience, working profile and other factors (including but not limited to gender, age, cultural and educational background as set out in the board diversity policy of the Company). The Nomination Committee also considered Mr. Cheng, notwithstanding the length of his service, remains to be independent after assessing the independence of Mr. Cheng by reference to the independence guidelines as set out in Rule 3.13 of the Listing Rules and reviewed his annual written confirmation of independence. The Nomination Committee considered that Mr. Cheng will continue to bring to the Board independent and constructive advices with his extensive experience in accounting, finance and corporate advisory services.

Notwithstanding that Mr. Cheng is currently holding seventh or more listed company directorship, the Board noted that Mr. Cheng has attended all annual general meetings, board meetings, audit committee meetings, remuneration committee meeting and nomination committee meeting for the two years ended 31 December 2023 with no absence. As such, the Board believes that Mr. Cheng will still be able to devote sufficient time to the Board in the future. Therefore, the Board is satisfied that Mr. Cheng has the required character, integrity, perspectives, skills and experience to continuously fulfill his role as an Independent Non-executive Director effectively. The Board believes that the re-election of Mr. Cheng as an Independent Non-executive Director would be in the best interests of the Company and the Shareholders as a whole.

As an Independent Non-executive Director of the Company, Mr. Cheng will receive a Director's fee of HK\$300,000 per year which is determined by the Board with reference to his duties and responsibilities, and is in line with that payable to other Independent Non-executive Directors approved by the Company in general meeting by ordinary resolution under the Articles of Association of the Company. Save as disclosed above, (i) there are no other matters that need to be brought to the attention of the Company's shareholders; and (ii) there is no other information to be disclosed pursuant to the requirements provided for in Rule 13.51(2)(h) to (v) of the Listing Rules.

This Appendix serves as an explanatory statement, as required by the Listing Rules, to provide the requisite information to Shareholders for their consideration of the Buy-back Mandate. For this purpose, “shares” is defined in the Listing Rules to include securities carrying a right to subscribe for or purchase shares.

The Listing Rules permit companies whose primary listings are on the Stock Exchange to buy back their fully paid up shares on the Stock Exchange subject to certain restrictions, the most important of which are summarized below:

1. REASONS FOR BUY-BACK

The Directors believe that the ability to buy back Shares is in the interests of the Company and its Shareholders. Buy-backs may, depending on the circumstances, result in an increase in net assets and/or earnings per Share. The Directors are seeking the grant of a general mandate to buy back Shares to give the Company the flexibility to do so if and when appropriate. The number of Shares to be bought back on any occasion and the price and other terms upon which the same are bought back will be decided by the Directors at the relevant time having regard to the circumstances then prevailing.

2. SOURCE OF FUNDS

Buy-backs must be made out of funds which are legally available for such purpose and in accordance with the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) and the Articles of Association. It is envisaged that the funds required for any buy-back would be derived from the distributable profits of the Company which shall be funds legally available for such purpose in accordance with the Listing Rules and the laws of Hong Kong.

3. IMPACT OF BUY-BACKS ON WORKING CAPITAL

There could be an adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in its latest published audited accounts for the year ended 31 December 2022) in the event that the proposed Share buy-backs were to be carried out in full at any time during the proposed buy-back period. However, the Directors do not propose to exercise the general mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

4. MAXIMUM NUMBER OF SHARES TO BE BOUGHT BACK AND SUBSEQUENT ISSUE

A maximum of 10% of the total number of issued shares of a company at the date of passing the relevant resolution may be bought back on the Stock Exchange. A company may not, without the prior approval of the Stock Exchange, issue new shares or announce a proposed new issue of shares for a period of 30 days immediately following a share buy-back whether on the Stock Exchange or otherwise (other than an issue of securities pursuant to the exercise of warrants, share options or similar instruments requiring the company to issue securities, which were outstanding prior to the buy-back).

5. CONNECTED PARTIES

No Core Connected Persons of the Company have notified the Company that they have a present intention to sell Shares to the Company or have undertaken not to do so, in the event that the Buy-back Mandate is approved by the Shareholders.

6. SHARE PRICES

The highest and lowest unit prices at which the Shares were traded on the Stock Exchange during each of the previous twelve months before the Latest Practicable Date were as follows:

	Highest	Lowest
	<i>HK\$</i>	<i>HK\$</i>
March 2022	7.600	7.020
April 2022	7.520	7.300
May 2022	7.600	7.090
June 2022	7.430	7.260
July 2022	7.390	7.090
August 2022	7.370	6.900
September 2022	7.100	6.490
October 2022	7.000	6.410
November 2022	7.010	6.300
December 2022	7.300	6.700
January 2023	7.520	7.200
February 2023	7.400	7.160
1 March 2023 to Latest Practicable Date	7.300	6.420

7. SHARE BUY-BACK MADE BY THE COMPANY

No buy-back has been made by the Company of its shares in the last six months prior to the date of this circular.

8. UNDERTAKING OF DIRECTORS

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the powers of the Company to make buy-backs pursuant to the Buy-back Mandate in accordance with the Listing Rules, the applicable laws of Hong Kong and the Articles of Association.

9. EFFECT OF THE TAKEOVERS CODE

If on the exercise of the power to buy back Shares pursuant to the Buy-back Mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 32 of the Takeovers Code. As a result, a Shareholder or a group of Shareholders acting in concert may obtain or consolidate control of the Company and thereby become obliged to make a mandatory general offer in accordance with Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, Mr. Liu Lit Chi, Chairman, Managing Director and Chief Executive Officer of the Company, and his controlled companies, namely, Liu's Holdings Limited and Alba Holdings Limited which are acting in concert together hold approximately 56.45% of the issued share capital of the Company. In the event that the Buy-back Mandate is exercised in full, assuming that the present shareholdings and capital structure of the Company remains the same, the interest in the Company held by Mr. Liu Lit Chi, Liu's Holdings Limited and Alba Holdings Limited, both being controlled corporations of Mr. Liu Lit Chi, would be increased to approximately 62.72% of the issued share capital of the Company and such increase would not give rise to an obligation to make a mandatory offer under Rule 26 of the Takeovers Code. Save as aforesaid, the Directors are not aware of any consequence which will arise under the Takeovers Code as a result of any repurchase of Shares under the Buy-back Mandate.

Currently, the Directors have no intention to exercise the powers of the Company to make any buy-backs of the Shares of the Company. In any event, the Directors do not intend to exercise the Buy-back Mandate to an extent which will trigger off the mandatory offer requirement pursuant to the rules of the Takeovers Code or which will reduce the aggregate amount of the share capital of the Company in public hands to below 25%.

10. DISCLOSURE OF INTEREST

No Director, and having made all reasonable enquiries and to the best of the knowledge of the Directors, no close associate of any Director, has any present intention, in the event that the Buy-back Mandate is approved by the Shareholders, to sell Shares to the Company.