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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)**

## **CHANGE IN USE OF PROCEEDS**

Reference is made to (i) the prospectus issued by Cirtek Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 28 February 2020 (the “**Prospectus**”) in relation to the global offering (the “**Global Offering**”) for the listing of the shares of the Company on the Main Board of the Stock Exchange of Hong Kong Limited (the “**Listing**”); (ii) the interim report of the Company published on 28 September 2023 for the six months ended 30 June 2023 (the “**Interim Report**”), in which the utilisation of the Net Proceeds up to 30 June 2023 was disclosed; and (iii) the announcement of the Company dated 18 October 2023 in relation to the completion of construction of the New Bangladesh Factory (the “**Announcement**”). Unless otherwise defined herein, capitalised terms used in this announcement shall have the same meanings as those defined in the Prospectus, the Interim Report and the Announcement.

### **USE OF PROCEEDS**

The net proceeds from the Global Offering after deducting underwriting commissions and related expenses in connection with the Listing (the “**Net Proceeds**”) amounted to approximately HK\$69.9 million. It was intended to apply the Net Proceeds in the following manner:

- (a) approximately HK\$68.8 million or 98.4% of the net proceeds from the Global Offering will be used for increasing our production capacity in Bangladesh by (a) the construction of the New Bangladesh Factory; and (b) purchasing machinery for the New Bangladesh Factory; and
- (b) approximately HK\$1.1 million or 1.6% of the net proceeds from the Global Offering will be used for the Group’s working capital and general corporate purposes.

## CHANGE IN USE OF PROCEEDS

As at the date of this announcement, the Company has utilised approximately HK\$43.0 million of the Net Proceeds. The amount of Net Proceeds which remains unutilised up to the date of this announcement amounted to approximately HK\$26.9 million (the “**Unutilised Net Proceeds**”). On 31 October 2023, the Board have resolved to change the use of the Unutilised Net Proceeds. An analysis of the utilisation of the Net Proceeds up to the date of this announcement and the proposed change of use of the Unutilised Net Proceeds are summarised as follows:

	Planned use of Net Proceeds as disclosed in the Prospectus <i>HK\$'000</i>	Utilised Net Proceeds as at the date of this announcement <i>HK\$'000</i>	Unutilised Net Proceeds as at the date of this announcement <i>HK\$'000</i>	Proposed application of Unutilised Net Proceeds <i>HK\$'000</i>	Expected timeline for utilisation of the Net Proceeds
Use of Net Proceeds					
Construction of the New Bangladesh Factory and Purchasing Machinery for the New Bangladesh Factory	68,800	41,900	26,900	0	–
General Working Capital	<u>1,100</u>	<u>1,100</u>	<u>0</u>	<u>26,900</u>	N/A
Total	<u>69,900</u>	<u>43,000</u>	<u>26,900</u>	<u>26,900</u>	

Save for the aforesaid changes, there is no other change in use of the Net Proceeds.

## REASONS FOR AND BENEFITS OF THE CHANGE IN USE OF PROCEEDS

As disclosed in the Announcement, the Group has completed construction of the New Bangladesh Factory. The actual costs of the construction have been less than the anticipated costs as construction costs in general have reduced. Moreover, the Board considers that further purchase of machinery for the New Bangladesh Factory may not be able to make a breakthrough in the Group’s business and generate better financial results and return for the Group, due to the recent downturn of the economy, inflation and interest rate hikes affected purchasing power, and inventories had been steadily increasing under the low demand for goods, resulting in a significant decrease in purchase orders. As such, the Board considers that a more cautious approach in relation to the execution of the Group’s expansion plan should be adopted.

In light of the above, the Board considers that the reallocation of the remaining Unutilised Net Proceeds from the construction of the New Bangladesh Factory and purchasing machinery for the New Bangladesh Factory to the use as general working capital would allow the Group to utilise its financial resources in a more flexible, beneficial and effective way. The Board is also of the view that the reallocation will allow the Group to meet its operational needs and provide more buffer to cope with the economic uncertainties in the future.

The Board confirms that there are no material changes in the nature of the business of the Group and considered that the proposed change is in the interests of the Company and its shareholders as a whole and will not have any material adverse effect on the existing business and operations of the Group.

The Board will continuously assess the changing market conditions and may revise or amend such plans where necessary to cope with the changing market conditions in order to strive for better performance of the Group.

**The shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.**

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

Hong Kong, 31 October 2023

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